[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

Securities Code: 9104
May 30, 2018

To Shareholders with Voting Rights

Junichiro Ikeda
Representative Director
President, Chief Executive Officer
Mitsui O.S.K. Lines, Ltd.
1-1, Toranomon 2-chome,
Minato-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. ("MOL" or the "Company") will be held as set forth below.

You may exercise your voting rights by any of the following methods. Please review the Reference Documents for the General Meeting of Shareholders listed below, and exercise your voting rights.

1. **Date and Time:** 10:00 a.m., Tuesday, June 26, 2018
2. **Place:** Shinagawa Intercity Hall,
   2-15-4, Konan, Minato-ku, Tokyo, Japan
3. **Agenda of the Meeting:**

Matters to Be Reported:
(1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)
(2) The Non-consolidated Financial Statements for the Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)

Proposals to Be Resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Election of One (1) Audit & Supervisory Board Member
Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal No. 5: Issuance of Stock Acquisition Rights as Stock Options to Executive Officers, Employees Who Hold Senior Management Positions, and Presidents of the Company's Subsidiaries

[Translation for Reference and Convenience Purposes Only]

Guide to Exercising Your Voting Rights

When you attend the meeting	Please bring the enclosed Voting Form and submit it to the reception desk upon arrival at the venue on the day of the meeting. (It is not necessary to affix a seal on the form.) **→ Date and time of the General Meeting of Shareholders: 10:00 A.M., Tuesday, June 26, 2018**
When you are unable to attend the meeting	**If exercising your voting rights by mail (in writing)** Please review the Reference Documents for the General Meeting of Shareholders listed below and indicate your approval or disapproval of the proposals in the enclosed Voting Form, and post it without affixing a postage stamp. **→ Deadline for exercising voting rights: No later than 5:00 P.M., Monday, June 25, 2018 (must arrive by this time)** **If exercising your voting rights via the Internet** (i) Scanning the QR code with a smartphone: By scanning the QR code printed on the lower right corner of the Voting Form, you can easily exercise your voting rights without inputting your voting right exercise code and password. (Note: The QR code is available in Japanese only.) (ii) Using your voting right exercise code and password: Please access the Company's designated voting website (https://www.web54.net) from your computer or smartphone, enter your voting right exercise code and password indicated on the enclosed Voting Form, and follow the instructions on the display to enter whether you approve or disapprove of the proposals upon reviewing the Reference Documents for the General Meeting of Shareholders. (Note: The website for Internet Voting is Japanese only.) **→ Deadline for exercising voting rights: No later than 5:00 P.M., Monday, June 25, 2018** * In the event that a voting right is exercised both by returning a Voting Form and via the Internet, only voting via the Internet will be deemed valid. In the event that a voting right is exercised more than once via the Internet, only the last vote will be deemed valid.

Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (listed below).

If you are unable to attend the general meeting of shareholders, you can exercise your voting rights by sending another shareholder with voting rights to the meeting as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

WEBSITE	**http://www.mol.co.jp/en/ir/stock/gms/index.html**

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REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Appropriation of Surplus

The Company's key management policies are the enhancement of corporate value with proactive business investment and the direct return of profits to shareholders through dividend payments.

Using internal capital reserves, we are working to reinforce our corporate strength and further increase per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked to business performance, and we will address the need to increase the ratio as a medium- and long-term management issue.

Although the Company reported loss attributable to owners of parent as a result of recording extraordinary loss in relation to the integration of the container shipping businesses, the Company is on a clear path of earnings recovery heading into the future. Taking this into consideration, we propose to pay a year-end dividend for the fiscal year of ¥10.00 per share.

As we have already paid an interim dividend of ¥10.00 per share after taking into consideration the effect of the share consolidation on October 1, 2017, the annual dividend of the Company will be ¥20.00 per share for FY2017.

1. Matters related to year-end dividend

(1) Type of dividend property
Cash

(2) Matter related to distribution of dividend property to shareholders and total amount thereof
¥10.00 per common share of the Company Total amount: ¥ 1,195,968,390

(3) Effective date of distribution of surplus
June 27, 2018

2. Matters related to appropriation of surplus

As shown below, we intend to draw down funds from the general reserve. This is to compensate for the loss in retained earnings brought forward due to the loss related to the restructuring of the container shipping businesses and to pay the year-end dividend.

(1) Item and amount of surplus to increase
Retained earnings brought forward Amount: ¥ 81,000,000,000

(2) Item and amount of surplus to decrease
General reserve Amount: ¥ 81,000,000,000

[Translation for Reference and Convenience Purposes Only]

Proposal No. 2: Election of Nine (9) Directors

The terms of office of all nine (9) directors will expire at the conclusion of this meeting. Accordingly, election of the following nine (9) directors is proposed.

Candidate Number	Name	Current Positions and Responsibilities in the Company	
1	Koichi Muto	Representative Director Chairman Executive Officer	Reappointed
2	Junichiro Ikeda	Representative Director President, Chief Executive Officer	Reappointed
3	Shizuo Takahashi	Representative Director Executive Vice President, Executive Officer Assistant to President, Chief Compliance Officer, Chief Information Officer, Deputy Director General, Technology Innovation Unit, Responsible for; Corporate Audit Division, Secretaries & General Affairs Division, Corporate Marketing Division, MOL Information Systems, Ltd.	Reappointed
4	Takeshi Hashimoto	Director, Senior Managing Executive Officer Director General, Energy Transport Business Unit, Supervisor for; Steaming Coal Carrier Division, LNG Carrier Division, Responsible for; Energy Business Strategy Division, Bunker Business Division, Offshore Project Division	Reappointed
5	Akihiko Ono	Senior Managing Executive Officer Deputy Director General, Safety Operations Headquarters, Deputy Director General, Product Transport Business Unit, Responsible for; Corporate Planning Division, Liner Business Management Division	Newly appointed
6	Takashi Maruyama	Director, Senior Managing Executive Officer Chief Financial Officer, Responsible for; Corporate Communication Division (IR), Finance Division, Accounting Division	Reappointed
7	Masayuki Matsushima	Director	Reappointed Outside Independent
8	Hideto Fujii	Director	Reappointed Outside Independent
9	Etsuko Katsu	Director	Reappointed Outside Independent

Reappointed	Newly appointed	Outside	Independent
Candidate for reappointment as Director	Candidate for new appointment as Director	Candidate for Outside Director	Independent officer for submission to stock exchanges

[Translation for Reference and Convenience Purposes Only]

Selection policy and process
The selection of candidates for the Board of Directors is based on the report from the Nomination Advisory Committee. The basic policy of the Company is to have a board composed of inside directors and several outside directors. Directors appointed from within the company should have extensive experience and knowledge and the ability to contribute to the enhancement of the Group's corporate value. Moreover, they should possess broad perspectives and foresight and be able to make management decisions on a global basis. Outside directors should be able to contribute to the enhancement of the Group's corporate value from an objective perspective based on extensive experience and knowledge in their area of expertise.

The candidates for directors are as follows:

Candidate number		Number of the Company's Shares Held	Number of years as Director
1	Reappointed	16,600 shares	11 years *as of the conclusion of this meeting

Koichi Muto



Date of birth (Age)
September 26, 1953
(64 years old)

Current Positions and Responsibilities in the Company	Attendance to the Board of Directors' meetings
Representative Director, Chairman Executive Officer	10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1976	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2002	General Manager of Bulk Carrier Division
Jan. 2003	General Manager of Corporate Planning Division
Jun. 2004	Executive Officer, General Manager of Planning Division
Jun. 2006	Managing Executive Officer
Jun. 2007	Director, Managing Executive Officer
Jun. 2008	Director, Senior Managing Executive Officer
Jun. 2010	Representative Director, President Executive Officer
Jun. 2015	Representative Director, Chairman Executive Officer (to present)

<Significant concurrent positions outside the Company>
President, The Japanese Shipowners' Association

[Reason for nominating the candidate for director]
Koichi Muto led management of the Group from June 2010 until June 2015 as Representative Director, President Executive Officer. He has considerable experience and achievements. Since June 2015, as Chairman of the Board of Directors, he has worked to strengthen the Group's corporate governance. He has extensive management knowledge and supervisory abilities. Going forward, he will continue to supervise company management with due consideration to all stakeholders. He will also work to strengthen the decision-making capacity of the Board of Directors regarding important management issues to enhance corporate value. We thus propose that he be reappointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number 2	Reappointed	**Number of the Company's Shares Held** 15,600 shares	**Number of years as Director** 5 years *as of the conclusion of this meeting

Junichiro Ikeda



Date of birth (Age)
July 16, 1956
(61 years old)

Current Positions and Responsibilities in the Company
Representative Director,
President, Chief Executive Officer

Attendance to the Board of Directors' meetings
10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1979	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2004	General Manager of Human Resources Division
Jun. 2007	General Manager of Liner Division
Jun. 2008	Executive Officer
Jun. 2010	Managing Executive Officer
Jun. 2013	Director, Senior Managing Executive Officer
Jun. 2015	Representative Director, President, Chief Executive Officer (to present)

[Reason for nominating the candidate for director]
Since being appointed as Representative Director, President, Chief Executive Officer in June 2015, Junichiro Ikeda has been carrying out resolutions of the Board of Directors and leading management of the Group. He has been working to enhance corporate value by embarking on a structural reform program and taking decisions on integration of container shipping businesses, made possible due to his strong leadership and decision-making ability based on his considerable experience and achievements. In light of his extensive experience, track record and other attributes, we judge that he is qualified to develop Group management and strengthen corporate governance. We thus propose that he be reappointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number 3	Reappointed	**Number of the Company's Shares Held** 8,500 shares	**Number of years as Director** 4 years *as of the conclusion of this meeting

Shizuo Takahashi



Date of birth (Age)
January 18, 1959
(59 years old)

Current Positions and Responsibilities in the Company
Representative Director,
Executive Vice President, Executive Officer

Attendance to the Board of Directors' meetings
10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1981	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2006	General Manager of Corporate Planning Division
Jun. 2008	Executive Officer, General Manager of Corporate Planning Division
Jun. 2010	Executive Officer
Jun. 2011	Managing Executive Officer
Jun. 2014	Director, Managing Executive Officer
Jun. 2015	Director, Senior Managing Executive Officer
Apr. 2018	Representative Director, Executive Vice President, Executive Officer (to present)

<Assignment>
Assistant to President, Chief Compliance Officer,
Chief Information Officer,
Deputy Director General, Technology Innovation Unit,
Responsible for; Corporate Audit Division, Secretaries & General Affairs Division, Corporate Marketing Division, MOL Information Systems, Ltd.

[Reason for nominating the candidate for director]
Shizuo Takahashi has considerable experience and achievements in corporate planning and the liquefied natural gas (LNG) carrier business. As Chief Information Officer (CIO), he not only oversees ICT strategy, but also serves as Chief Compliance Officer (CCO) based on his extensive knowledge of business management. Furthermore, he has been in charge of overall management as Executive Vice President, Executive Officer since April 2018. We thus consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be reappointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number		Number of the Company's Shares Held	Number of years as Director
4	Reappointed	7,300 shares	3 years *as of the conclusion of this meeting

Takeshi Hashimoto



Date of birth (Age)
October 14, 1957
(60 years old)

Current Positions and Responsibilities in the Company
Director, Senior Managing Executive Officer

Attendance to the Board of Directors' meetings
10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1982	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008	General Manager of LNG Carrier Division
Jun. 2009	Executive Officer, General Manager of LNG Carrier Division
Jun. 2011	Executive Officer
Jun. 2012	Managing Executive Officer
Jun. 2015	Director, Managing Executive Officer
Apr. 2016	Director, Senior Managing Executive Officer (to present)

<Assignment>
Director General, Energy Transport Business Unit,
Supervisor for; Steaming Coal Carrier Division, LNG Carrier Division,
Responsible for; Energy Business Strategy Division, Bunker Business Division, Offshore Business Division

[Reason for nominating the candidate for director]
Takeshi Hashimoto has extensive experience in the liquefied natural gas (LNG) carrier and offshore businesses and expertise in global business development. Currently, as Senior Managing Executive Officer, he is in charge of the Energy Transport Business Unit and is extremely well-versed in the Group's business management. We thus consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be reappointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number 5	Newly appointed	**Number of the Company's Shares Held** 5,100 shares	**Number of years as Director** ― years *as of the conclusion of this meeting

Akihiko Ono



Date of birth (Age)
October 1, 1959
(58 years old)

Current Positions and Responsibilities in the Company
Senior Managing Executive Officer

Attendance to the Board of Directors' meetings
― (Attendance rate: ―%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010 General Manager of Corporate Planning Division
Jun. 2011 Executive Officer, General Manager of Corporate Planning Division
Jun. 2015 Managing Executive Officer
Apr. 2017 Senior Managing Executive Officer (to present)

<Assignment>
Deputy Director General, Safety Operations Headquarters,
Deputy Director General, Product Transport Business Unit,
Responsible for; Corporate Planning Division, Liner Business Management Division

[Reason for nominating the candidate for director]
Akihiko Ono has extensive experience in corporate planning and containerships business and expertise in global business development. Currently, as Senior Managing Executive Officer, he is in charge of corporate planning and is extremely well-versed in the Group's business management. We thus consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be appointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number		Number of the Company's Shares Held	Number of years as Director
6	Reappointed	2,100 shares	1 year *as of the conclusion of this meeting

Takashi Maruyama



Date of birth (Age)
April 10, 1959
(59 years old)

Current Positions and Responsibilities in the Company
Director, Senior Managing Executive Officer

Attendance to the Board of Directors' meetings
8 of 8 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010 General Manager of Finance Division
Jun. 2011 Executive Officer, General Manager of Finance Division
Jun. 2015 Managing Executive Officer
Jun. 2017 Director, Managing Executive Officer
Apr. 2018 Director, Senior Managing Executive Officer (to present)

<Assignment>
Chief Financial Officer,
Responsible for; Corporate Communication Division (IR), Finance Division, Accounting Division

[Reason for nominating the candidate for director]
Takashi Maruyama has many years of experience and considerable achievements in Finance and Investor Relations Divisions. Currently, as Senior Managing Executive Officer, he is in charge of financial strategy for the MOL Group with global operations. We thus consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be reappointed as director.

[Translation for Reference and Convenience Purposes Only]

Candidate number 7	Reappointed / Outside / Independent	**Number of the Company's Shares Held** 2,000 shares	**Number of years as Director** 7 years *as of the conclusion of this meeting

Masayuki Matsushima



Date of birth (Age)
June 15, 1945
(73 years old)

Current Positions and Responsibilities in the Company
Director

Attendance to the Board of Directors' meetings
10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1968	Joined Bank of Japan
Apr. 1990	General Manager, Kumamoto Branch
Nov. 1992	Associate Director-General, the Bank of Japan Representative Office in London
Feb. 1996	Director-General, Research & Statistics Department
Jun. 1998	Executive Director, Bank of Japan (in charge of International Affairs)
Jun. 2002	Senior Advisor, the Boston Consulting Group K.K.
Feb. 2005	Senior Executive Advisor, Credit Suisse Securities (Japan) Limited
Jun. 2008	Chairman, Credit Suisse Securities (Japan) Limited
May 2011	Senior Advisor, the Boston Consulting Group K.K.
Jun. 2011	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>
Senior Adviser, Integral Corporation
Outside Director, JGC Corporation
Member of Management Council, Grant Thornton Taiyo LLC
Senior Advisor, Taniguchi Partners International Accounting & Tax Office

[Reason for nominating the candidate for outside director]
Masayuki Matsushima has broad-ranging experience and insights in the financial and other sectors. His global perspective based on this foundation is reflected in the Company's management. Furthermore, he has a standpoint independent from the executive team involved in our business and is a proactive contributor to discussions at Board of Directors meetings, contributing to the maintenance and reinforcement of corporate governance. Also, he has enhanced the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee. In light of the above we consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be reappointed as outside director.

[Translation for Reference and Convenience Purposes Only]

Candidate number 8	Reappointed / Outside / Independent	**Number of the Company's Shares Held** 600 shares	**Number of years as Director** 2 years *as of the conclusion of this meeting

Hideto Fujii



Date of birth (Age)
December 13, 1947
(70 years old)

Current Positions and Responsibilities in the Company
Director

Attendance to the Board of Directors' meetings
8 of 10 (Attendance rate: 80%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1971 Joined Ministry of Finance
Jan. 2003 Deputy Vice Minister, Minister's Secretariat
Jul. 2004 Director-General, Budget Bureau
Jul. 2006 Administrative Vice Minister
Oct. 2007 Deputy Governor, Development Bank of Japan Inc.
Oct. 2008 Deputy President (Resigned in June 2015)
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>
Adviser, Sumitomo Corporation

[Reason for nominating the candidate for outside director]
Hideto Fujii has many years of experience and expertise from his involvement in Japan's economic management and policy finance. Using such experience and insights, he proactively contributes to discussions at meetings of the Board of Directors from a position of independence and fairness, and appropriately fulfills his role as a supervisor of the Company's execution of operations.
Also, he has enhanced the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee. In light of the above we consider him to be qualified as a director who can enhance the Group's corporate value and propose that he be reappointed as outside director.

[Translation for Reference and Convenience Purposes Only]

Candidate number			
9	Reappointed Outside Independent	**Number of the Company's Shares Held** 600 shares	**Number of years as Director** 2 years *as of the conclusion of this meeting

Etsuko Katsu



Date of birth (Age)
April 3, 1955
(63 years old)

Current Positions and Responsibilities in the Company
Director

Attendance to the Board of Directors' meetings
10 of 10 (Attendance rate: 100%)

Career Summary
(Title and Assignment in the Company and Significant Concurrent Positions Outside the Company)

Apr. 1978	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
	Research Division (Resigned in December 1992)
Dec. 1992	Senior Economist, The Japan Research Institute, Limited
Apr. 1995	Associate Professor of Finance and Economics, Ibaraki University
Apr. 1998	Associate Professor, School of Political Science and Economics, Meiji University
Apr. 2003	Professor, School of Political Science and Economics, Meiji University
Apr. 2008	Vice President International, Meiji University
Jun. 2016	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>
Professor, School of Political Science and Economics, Meiji University
Director, Center for Entrance Examination Standardization
Administrative Board Member, International Association of Universities (IAU)
Chairman of Fund Management Advisory Committee, The Japan Foundation

[Reason for nominating the candidate for outside director]
Etsuko Katsu proactively contributes to discussions at meetings of the Board of Directors from a standpoint independent from the executive team involved in our businesses, reflecting her extensive knowledge and insight as an expert in international economics and finance, experience in university management and experience and knowledge regarding global human resource development initiatives. As such, she appropriately fulfills her roles such as supervising the Company's business execution. Also, she has enhanced the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee. Based on the above reasons, we propose that she be reappointed as outside director.

Notes:
1. No special interests exist between any of the director candidates and the Company.
2. Among the above candidates, Masayuki Matsushima, Hideto Fujii and Etsuko Katsu are candidates for outside directors stipulated in Article 2, paragraph (3), item (7) of the Ordinance for Enforcement of the Companies Act. Each candidate for outside director satisfies the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (page 16 and 17).
3. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into liability limitation agreements with Masayuki Matsushima, Hideto Fujii and Etsuko Katsu which limit the amount of their liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if they perform their duties in good faith and without significant negligence. If their elections as outside directors are approved, the Company intends to continue the liability limitation agreements with them.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of an audit & supervisory board member, Hideki Yamashita will expire at the conclusion of this meeting. Accordingly, election of the following one (1) audit & supervisory board member is proposed.
The Audit & Supervisory Board has previously given its consent to this proposal.
The candidate for audit & supervisory board member is as follows:

Reappointed Outside Independent	**Number of the Company's Shares Held** 600 shares	**Number of years as Audit & Supervisory Board Member** 4 years *as of the conclusion of this meeting
Hideki Yamashita  Date of birth (Age) April 29, 1954 (64 years old)	**Current Positions and Responsibilities in the Company** Audit & Supervisory Board Member	**Attendance to the Board of Directors' meetings** 10 of 10 (Attendance rate: 100%) **Attendance to the Audit & Supervisory Board** 10 of 10 (Attendance rate: 100%)
	Career Summary **(Title in the Company and Significant Concurrent Positions Outside the Company)** Apr. 1982 Registered as an attorney at law Joined Daini Tokyo Bar Association Apr. 1985 Established YAMASHITA LAW OFFICE (currently YAMASHITA & TOYAMA LAW AND PATENT OFFICE) Mar. 1993 Registered as a patent attorney Jun. 2014 Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present) **<Significant concurrent positions outside the Company>** Attorney at law, YAMASHITA & TOYAMA LAW AND PATENT OFFICE Outside Corporate Auditor, I-cell Networks Corp. **[Reason for nominating the candidate for outside Audit & Supervisory Board Member]** Hideki Yamashita has many years of experience as an attorney at law, expert knowledge, and an exceptional mindset for legal compliance. He has competently carried out his duties as an audit & supervisory board member that audits management and business execution from an independent position of objectivity and fairness. We thus propose that he be reappointed as an outside audit & supervisory board member.	

Notes:

1. No special interests exist between Hideki Yamashita and the Company.
2. Hideki Yamashita is a candidate for outside audit & supervisory board member stipulated in Article 2, paragraph (3), item (8) of the Ordinance for Enforcement of the Companies Act.
   Hideki Yamashita satisfies the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (page 16 and 17).
3. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into liability limitation agreement with Hideki Yamashita which limit the amount of his liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if he performs his duties in good faith and without significant negligence. If his election as outside audit & supervisory board member is approved, the Company intends to continue the liability limitation agreement with him.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

In preparation for lacking a quorum of audit & supervisory board members, election of one (1) substitute audit & supervisory board member is proposed, based on the provisions of Article 329, paragraph (3) of the Companies Act.

The Audit & Supervisory Board has previously given its consent to this proposal.

The candidate for substitute audit & supervisory board member is as follows:

Outside Independent	**Number of the Company's Shares Held** – shares
Isao Seki  Date of birth (Age) August 10, 1946 (71 years old)	**Career Summary** **(Title in the Company and Significant Concurrent Positions Outside the Company)** Aug. 1969 Joined Chiyoda Audit Corporation Jun. 2006 Joined Shisei Audit Corporation Took office as representative partner Jan. 2013 Established SEKI Tax Corporation Took office as representative partner (Changed corporate name to Prudence Tax Accountant Corporation, to present) **<Significant concurrent positions outside the Company>** Representative Partner, Prudence Tax Accountant Corporation **[Reason for nominating the candidate for outside Audit & Supervisory Board Member]** As a long-serving certified public accountant, Isao Seki has many years of experience in accounting and a wide knowledge of the field. If appointed as an audit & supervisory board member he could use this experience and knowledge in the company's auditing systems. We think he would carry out his duties as an outside audit & supervisory board member competently from a position of objectivity and fairness. We thus propose that he be appointed as a substitute audit & supervisory board member. Although he has not been involved in corporate management as a person who executes business, the Company has judged that he can perform his duties as outside audit & supervisory board member appropriately for the above-mentioned reasons.

Notes:

1. No special interests exist between Isao Seki and the Company.
2. It is proposed that Isao Seki be elected as a substitute outside audit & supervisory board member. In addition, he satisfies the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (page 16 and 17).
3. On Isao Seki's assumption of office as an audit & supervisory board member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company intends to enter into agreement with Isao Seki, which will limit his liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if he performs his duties in good faith and without significant negligence.

Independence Criteria for Outside Officers

The Company has established the following criteria for the independence of outside directors and outside audit & supervisory board members (hereinafter referred collectively as "Outside Officer"). The Company deems an Outside Officer or a candidate for Outside Officer to have independence in the event that none of the following items is applicable upon the Company having investigated to the extent that is reasonable and practically possible.

(i) A person who is an executing person*[1] of the Company or its subsidiaries (hereinafter referred collectively as the "MOL Group") or has served as an executing person of the MOL Group during the past ten (10) years (in the case of a person who has served as non-executive director, audit & supervisory board member, or accounting advisor of the MOL Group at a certain point in time during the past ten (10) years, during the ten (10) years prior to their appointment).
*1: An executing person refers to an executive director, a corporate officer, an executive officer, other person with similar responsibilities, or an employee of a corporation or other organization.

(ii) A current major shareholder*[2] of the Company or an executing person thereof, or a person who has fallen under such category during the past three (3) years.
*2: A major shareholder means a shareholder who holds shares with 10% or more of voting rights in his or her own name or in another person's name at the end of the most recent fiscal year of the Company.

(iii) A party in which the MOL Group directly or indirectly holds 10% or more voting rights out of the total number of voting rights, or an executing person thereof, or a party which has fallen under such category during the past three (3) years.

(iv) An executing person of a company which has accepted a director (either full-time or part-time) from the MOL Group, or the parent company or a subsidiary thereof, or a person who was an executing person of such company during the past three (3) years.

(v) An executing person of a financial institution or other major creditor, or the parent company or a major subsidiary thereof, which is indispensable for the MOL Group's financing and on which the MOL Group depends to an irreplaceable extent.

(vi) A party with which the MOL Group is a major business partner*[3], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under such category during the past three (3) years.
*3: A party with which the MOL Group is a major business partner means a party which, in its most recent fiscal year, received a payment of 2% or more of its consolidated total revenue from the MOL Group (excluding payment of compensation for directors from the MOL Group if a party with which the MOL Group is a major business partner is an individual).

(vii) A party which is a major business partner of the MOL Group*[4], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under such category during the past three (3) years.
*4: A major business partner of the MOL Group means a party which paid the MOL Group 2% or more of its gross sales in its most recent fiscal year.

(viii) A party which was an accounting auditor of the MOL Group, or an employee, etc. thereof, or a party which has fallen under such category during the past three (3) years.

(ix) A consultant, an accounting professional, or a legal professional receiving a significant amount of money or other assets*[5] other than director remuneration from the MOL Group (if a party receiving such assets is an organization such as a corporation or an association, then a person who belongs to such organization), or a party which has fallen under such category during the past three (3) years.
*5: A significant amount of money or other assets means ¥10 million or more of money or other property benefits received per year other than director remuneration in its most recent fiscal year (if a party receiving such assets is an organization such as a corporation or an association, a significant amount of money or other assets means the amount of money or other assets benefit which exceeds 2% of the gross revenue of the party in its most recent fiscal year).

(x) A party which received donations or grants exceeding a certain amount*6 from the MOL Group (if a party receiving such donations or grants is an organization such as a company or an association, then an executing person of such organization), or a party which has fallen under such category during the past three (3) years.
*6: Donations or grants exceeding a certain amount mean donations or grants exceeding the greater of ¥10 million per year on average during the past three (3) years or 2% of the gross revenue of a party in its most recent fiscal year.

(xi) A close relative*8 of a person who is applicable to the above-listed items (i) through (x) (limited to a person who is in an important position*7).
*7: A person who is in an important position means an employee who holds a senior management position, such as executive director, corporate officer, executive officer, or general manager or above; if a person belongs to an auditing firm or an accounting firm, then a certified public accountant; if a person belongs to a law firm, then a lawyer; if a person belongs to an incorporated foundation, an incorporated association, or an incorporated educational institution, then an officer such as councilor, board member, or an auditor-secretary; or other person who is objectively and reasonably considered to be of equivalent importance.
*8: A close relative means a spouse or a relative within the second-degree of kinship.

(xii) Other person who might have a conflict of interest with general shareholders and in circumstances which are reasonably considered to prevent the person from fulfilling duties as an independent outside officer.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 5: Issuance of Stock Acquisition Rights as Stock Options to Executive Officers, Employees Who Hold Senior Management Positions, and Presidents of the Company's Subsidiaries

In fiscal year 2018, the Company will offer stock acquisition rights as stock options to Executive Officers who do not serve as Directors of the Company, employees who hold senior management positions, and Presidents of subsidiaries; and authorize the Board of Directors to issue stock acquisition rights and determine subscription requirements based on the provisions of Article 236, 238 and 239 of the Companies Act, as outlined below.

1. Reason for the necessity of subscription for persons who underwrite the stock acquisition rights on particularly advantageous terms
   With the purpose of increasing the Company's business performance and shareholders' profit by increasing incentives for Executive Officers who do not serve as Directors of the Company, employees who hold senior management positions, or Presidents of subsidiaries, the Company will allocate stock acquisition rights to these persons, without a payment requirement.
2. Outline and maximum number of stock acquisition rights
   (1) Maximum number of stock acquisition rights
   Maximum shall be 1,500, determined as provided in item (3) below.
   The total number of shares issuable by exercising the stock acquisition rights, shall be up to 150,000 of the Company's common shares, and in the case that the number of granted shares related to the relevant stock acquisition rights by (3) (b) below is adjusted, it shall be that number multiplied by the number of granted shares related to the relevant stock acquisition rights after adjustment by the above-written maximum number of stock acquisition rights.
   (2) Payment shall not be required for granting of the stock acquisition rights.
   (3) Outline of stock acquisition rights
   (a) Persons to whom stock acquisition rights shall be allocated
   Company's Board of Directors from among the Executive Officers who do not serve as Directors of the Company, employees who hold senior management positions, and Presidents of subsidiaries.
   (b) Class and number of shares for the purpose of stock acquisition rights
   Class of shares for the purpose of stock acquisition rights shall be common shares, and the number for the purpose of each stock acquisition right (hereinafter called "granted shares"), is to be limited to 100.
   However, in the event of the Company's common stock split (including the gratis allotment of the stock) or share consolidation after the resolution by the General Meeting of Shareholders (hereinafter called "resolution date"), the number of granted shares related to the relevant stock acquisition rights shall be adjusted proportionally in accordance with the percentage of the share split or share consolidation.
   In addition, if, after the resolution date, circumstances arise that unavoidably require adjustment of the number of granted shares related to the relevant stock acquisition rights such as in a case where the Company is merged with another company, executes a company split or stock exchange, or a case where the Company decreases capital, the number of granted shares related to the relevant stock acquisition rights shall be adjusted within a rational range, under consideration of conditions primarily including capital reduction.
   Fractions of less than one (1) share as a result of the above adjustment are to be rounded down.
   (c) Amount to be paid when stock acquisition rights are exercised
   Amount to be paid when stock acquisition rights are exercised shall be the paid amount per share that can be issued by exercising the stock acquisition rights (hereinafter called "exercise amount"), multiplied by the anticipated number of shares concerning the relevant stock acquisition rights.
   The exercise amount will be the average closing price, multiplied by 1.10, of the Company's common stock (hereinafter called "closing price") on the Tokyo Stock Exchange of the previous month of the date when the stock acquisition rights are allocated (hereinafter called "allotment date"). Note that the date when the trade was not effective is not included. Fractions of less than ¥1 will be rounded up.
   However, in the case the amount is lower than the closing price of the allotment date (when no closing price is published on that day, closing price of the nearest previous date shall be applied), it will be the closing price on that date.
   After the allotment date, in the event of a share split (including the gratis allotment of the stock) or share consolidation, the exercise amount will be adjusted by the following formula, with fractions of less than ¥1 rounded up.

$$\text{Exercise price after} = \text{Exercise price before} \times \frac{1}{}$$

adjustment adjustment $\frac{\text{Ratio of share split or consolidation}}{}$

In addition, after the allotment date, for the Company's common stock, in the case the Company issues new shares or disposes of treasury stock at a price lower than market price [excluding sale of treasury stock based on provision of Article 194 of the Companies Act (demand for sale of less than minimum trading unit (*tan-gen*) of shares by a holder of shares less than minimum trading unit (*tan-gen*)); and transfer or exercise of securities that are or can be made to common stock of the Company or the stock acquisition rights (including ones committed to corporate bonds with new stock acquisition rights) that can be claimed for issue of the Company's common stock, the exercise price shall be adjusted in accordance with the following formula, with fractions of less than ¥1 rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding} + \dfrac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the "number of shares outstanding" is the number of the Company's outstanding common stock, deducted by the number of shares of its treasury stock concerning common stock. In case the treasury stock is disposed, the "number of shares to be issued" shall be treated as the "number of shares to be disposed."

Furthermore, in the case the Company is merged with another company, executes a company split or share exchange, or in the case the Company decreases capital, after allotment date, that require adjustment of the exercise price, the exercise price shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(d) Period during which stock acquisition rights may be exercised

It will be determined by the Board of Directors, which will be within a period from June 29, 2020 to June 23, 2028.

(e) Capital and capital reserve increased in the case the stocks are issued by exercising the stock acquisition rights

i) The amount of capital increased in the case the shares are issued by exercising the stock acquisition rights shall be half of the maximum limit to increase capital, calculated in accordance with the Company Calculation Ordinance, Article 17, paragraph (1), with fractions rounded up.

ii) The amount of capital reserve increased in the case the shares are issued upon the exercise of stock acquisition rights shall be the amount that the maximum limits of capital, etc. described in i) above is subtracted by the increased capital amount determined in i) above.

(f) Restrictions on acquisition of stock acquisition rights by transfer

Any acquisition of the stock acquisition rights by transfer shall require the prior approval of the Board of Directors.

(g) Acquisition provision of stock acquisition rights

Acquisition provision of stock acquisition rights shall not be established.

(h) The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split/incorporation-type company split, share exchange or share transfer (all hereinafter called "organizational restructure"), may issue the stock acquisition rights of the companies listed in the Companies Act, Article 236, paragraph (1), item (8)-A to E (hereinafter called "restructure target company") to each person holding stock acquisition rights (hereinafter called "remaining stock acquisition rights") that remain outstanding at the time when the effects of the organizational restructure arises, for each case thereof, based on the following conditions. In this case, the remaining stock acquisition rights shall be void and the restructured target companies shall issue new stock acquisition rights. However, this will apply only to the case that a provision of issuance of the stock acquisition rights of the restructure target companies, in accordance with the following conditions, is provided in the absorption-type merger agreement,incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan.

i) Number of stock acquisition rights of restructured target companies

The same number of stock acquisition rights shall be issued as the number that the person holds of remaining stock acquisition rights with respect to the Company's stock.

ii) Class of shares of restructured target companies for the purpose of stock acquisition rights
It shall be the common stock of the restructured target companies.

iii) Number of shares of restructured target companies for the purpose of stock acquisition rights
It shall be determined in accordance with the above item (b), after considering the conditions, etc. for organizational restructure.

iv) Amount to be paid when stock acquisition rights are exercised
Amount to be paid when each stock acquisition right is exercised shall be the amount obtained by multiplying the payout amount after restructure adjusted after considered conditions, etc. for the organizational restructure by the number of shares for the purpose of the relevant stock acquisition rights determined in accordance with the sentence iii).

v) Exercise period of the stock acquisition rights
The stock acquisition rights determined in the above item (d) can be exercised from the later of: the commencement date of the exercise period of the stock acquisition rights determined in the above item (d); or the effective date of the organizational restructure, to the expiration date of the period.

vi) Capital and capital reserve increased in the case the shares are issued by exercising the stock acquisition rights
It shall be determined in accordance with item (e) above.

vii) Limits of acquisition of stock acquisition rights by assignment
Acquisition of stock acquisition rights by assignment shall require approval of the restructured target company.

viii) Acquisition conditions of stock acquisition rights
It shall be determined in accordance with item (g) above.

(i) In the case of fractions of less than one (1) share is included in the number of shares delivered to the persons who exercise the stock acquisition rights, the fractional portion shall be omitted.

(j) Exercise conditions of stock acquisition rights

i) A single stock acquisition right may not be split.

ii) Persons who receive the allotment may exercise the right, even in the case that they no longer hold the position of Executive Officer of the Company, employees who hold senior management positions, or President of a subsidiary, when exercising the rights.
Note: The granted stock acquisition rights shall immediately be cancelled, in the case that he or she is sentenced to imprisonment or severer, in the case that he or she is dismissed or discharged, or in the case that he or she has died.

iii) Other conditions to exercise the rights shall be determined by the Board of Directors.

- END -

[Translation for Reference and Convenience Purposes Only]

[Reference] Approaches to Corporate Governance

Basic Concept of Corporate Governance

MOL actively and continually strives to bolster its corporate governance to ensure sustainable growth and maximize mid- and long-term group corporate value based on the group's corporate philosophy and long-term vision, as well as the midterm management plan, by taking the following measures, etc.: 1) appointing two or more outside directors (For this year's ordinary general meeting of shareholders, the Company has submitted a proposal to appoint three outside directors.); 2) establishing Nomination Advisory Committee and Remuneration Advisory Committee, which are arbitrary organizations whose majority of members are outside directors, as advisory bodies to the Board of Directors; and, 3) establishing the Company's own criteria for judging independence, in addition to the requirements for independent officers stipulated by the Tokyo Stock Exchange. The ocean shipping business environment and risk factors change rapidly. As we set our course, we must accurately grasp business environment, always confront risks appropriately, and effectively utilize our management resources in a careful balance of offense and defense. We believe that the essentials of corporate governance are fostering sustainable growth and increasing corporate value by making decisions swiftly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management by carefully considering the viewpoints of our diverse stakeholders and other various social requests.

MOL Corporate Governance Organizational Structure

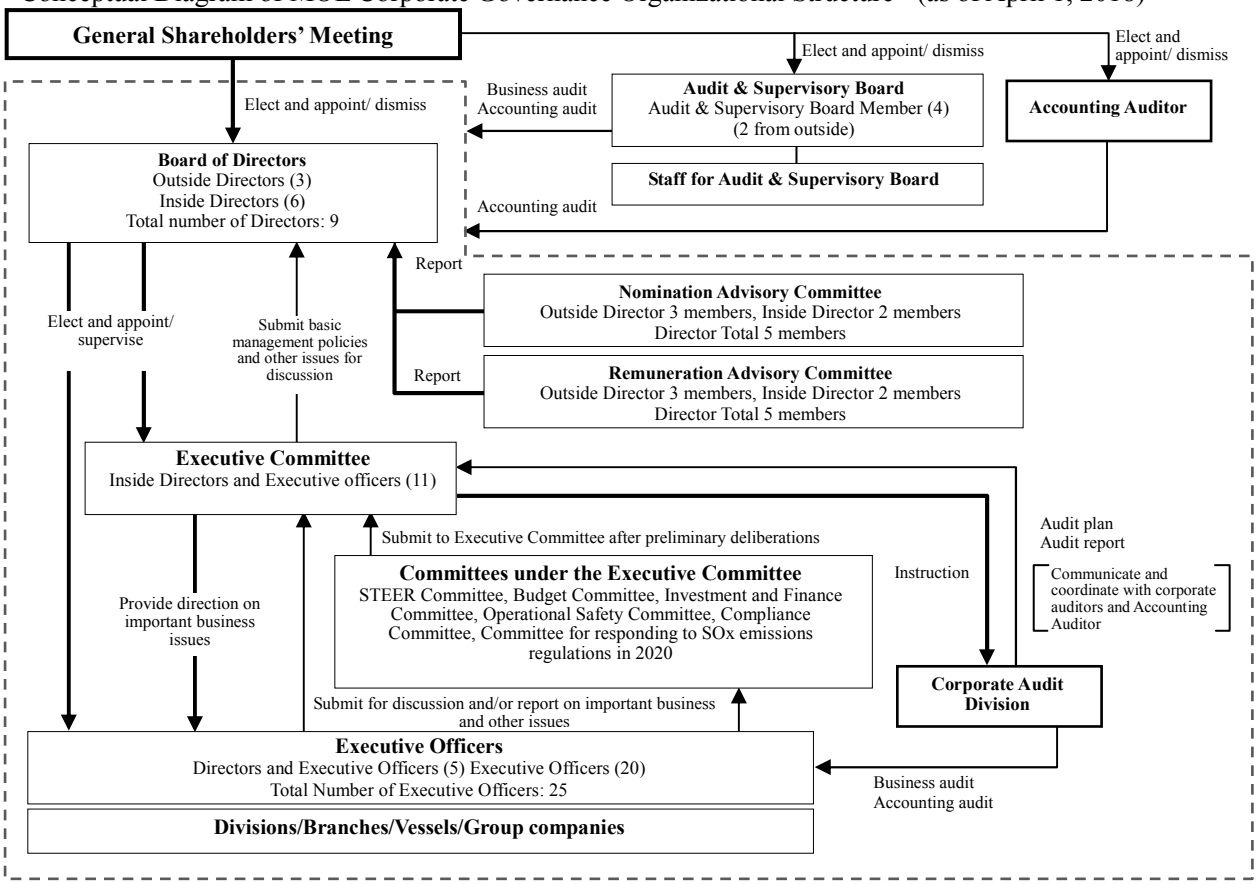
We believe that the appropriate form of governance is to ensure the legality, appropriateness, and efficiency of business operations by ensuring an effective supervisory framework for the Board of Directors. This is accomplished while securing the audit function of the Audit & Supervisory Board, which is independent from the Board of Directors, and by having, as a matter of course, a mutual supervision and check mechanism between inside directors (directors also serving as executive officer) who execute operations, and a Board of Directors that consists of inside directors who carry out business operations and outside directors who do not execute operations but specialize in supervisory functions. Based on this view, MOL has become a company with an Audit & Supervisory Board as provided for in the Companies Act.

The Board of Directors, by its resolution, has established a basic policy for developing a system to secure the properness of operations (the internal control system) (revised on April 27, 2018). The MOL Group's officers and employees, under the president serving as the chief executive officer for management, carry out business operations in accordance with the management policy set by the Board of Directors and the above-mentioned basic policy, while being subject to supervision by the Board of Directors and audit by the Audit & Supervisory Board. (For details of the business operation system, please see the descriptions given in a later section.)

We believe that the essence of corporate governance lies not in the existence of its structure or organization described in the preceding paragraph, but in whether or not it functions properly and effectively in the manner outlined in the following sections.

[Translation for Reference and Convenience Purposes Only]

<Conceptual Diagram of MOL Corporate Governance Organizational Structure> (as of April 1, 2018)



Board of Directors

The Board of Directors, as the Company's primary decision-making body, discusses and decides on basic policy and the most important matters connected to MOL Group management.

The Board of Directors consists of six (6) inside directors and three (3) outside directors, who hold no interest in MOL. Outside directors confirm the appropriateness of management decisions and management of business operations based on their individual experience and expertise from an independent position without any interest in the Company, and at the same time play a major role in revitalizing the Board of Directors by expressing helpful opinions regarding overall management. We provide a system to support outside directors such as providing them with preliminarily explanations of proposals before a Board of Directors meeting and reports on important matters related to business operations on a case-by-case basis. The Board of Directors also holds "Deliberation on Corporate Strategy and Vision," in which we freely exchange opinions about management strategies, our long-term vision, and overall management, together with outside directors and outside audit & supervisory board members.

[Translation for Reference and Convenience Purposes Only]

"Deliberation on Corporate Strategy and Vision"

MOL's "Deliberation on Corporate Strategy and Vision"

At MOL, three hours are set aside for every Board of Directors' meeting, with one of the hours allotted to "Deliberation on Corporate Strategy and Vision." At the "Deliberation on Corporate Strategy and Vision," a theme is selected related to our management strategy, long-term vision or management in general. A free exchange of opinions is carried out at these deliberations which include outside directors and outside audit & supervisory board members.

FY2017 "Deliberation on Corporate Strategy and Vision": Agenda Topics

	Agenda
May	MOL's status in capital markets
July	Business strategy for the Port Projects & Logistics Business Division
September	Business strategy for the New Business Creation and Group Business Division
October	Review of MOL's governance organizational structure (Primarily on evaluation of a company with an audit & supervisory committee)
December	Personnel structure reform
January	Basic policies for Rolling Plan 2018
February	Overall summary of Rolling Plan 2018

Nomination Advisory Committee and Remuneration Advisory Committee
MOL has established the Nomination Advisory Committee and the Remuneration Advisory Committee as arbitrary organizations under the Board of Directors. For making the outside directors supervise the executive directors more effectively, both committees are chaired by outside directors and are composed of all three (3) outside directors, the chairman, and the president as its members, with outside directors comprising the majority. The committees both seek to provide an objective standpoint, from the "perspective of shareholders," to, in the case of Nomination Advisory Committee, examine the selection of directors and executive officers and, in the case of Remuneration Advisory Committee, to determine appropriate levels of remuneration for directors, including incentives for long-term enhancement of corporate value, and both report to the Board of Directors. The Board of Directors respects the content of the report from the two Advisory Committees, and uses it in formulating necessary resolutions.

Effectiveness Evaluation
The Board of Directors, in accordance with the Corporate Governance Code, performs evaluations and analyses of its effectiveness each year through deliberations based on the results of self-questionnaires and questionnaires, and links the results to improvements in the operation of the Board of Directors.
In order to make effectiveness evaluations more beneficial, the Company performs a revision of the items to be evaluated every fiscal year to ensure a thorough evaluation, which may involve adding matters that are pertinent to the state of affairs of the fiscal year under review.

Business Operation System
With regard to business operations, MOL introduced the executive officer system in 2000. The executive officers, selected by the Board of Directors and assigned to various fields of authority by the representative directors, strive to improve the speed and efficiency of management by implementing Company operations in line with the uppermost policies determined by the Board of Directors. The Executive Committee (chaired by the President), as the top decision-making authority for business operations, functions as the deliberative body for important issues related to basic management plans and the conduct of business operations, based on policies determined by the Board of Directors. Under the Executive Committee, MOL has established six (6) committees. Executive officers and general managers concerned, in addition to committee members, attend each Meeting and examine and deliberate matters brought up for discussion.

Auditing System
The Audit & Supervisory Board consists of two (2) full-time audit & supervisory board members and two (2) outside audit & supervisory board members who hold no interest in MOL. The audit & supervisory board

members periodically hold Audit & Supervisory Board's meetings to draw up audit plans and report and share audit results, etc. All audit & supervisory board members attend Board of Directors' meetings, and full-time audit & supervisory board members attend Executive Committee and various committees besides Board of Directors' meetings, to audit the processes of deliberation and decision making. KPMG AZSA LLC, a limited liability audit corporation, with which MOL has an audit contract, executes accounting auditing. In addition to the above, the Corporate Audit Division receives directions only from Executive Committee and is independent from any other management bodies. In this way, we audit the company's business operations including those of group companies, in collaboration with legal auditing executed by both the audit & supervisory board members and accounting auditors.

Outside Officers

All five (5) of MOL's outside officers (three (3) outside directors and two (2) outside audit & supervisory board members) fulfill MOL's unique "Independence Criteria for Outside Officers" (page 16 and 17).

All three (3) outside directors provide advice regarding MOL's overall management from an independent position based on extensive experience and knowledge in their respective areas of expertise, fulfilling their role to strengthen the function of Board of Directors regarding its management decisions and supervision.

In addition to attending Board of Directors' meetings, outside directors deepen their understanding of the MOL Group's businesses through visiting ships operated by MOL Group and attendance at Group Executive Meetings (Held twice a year with attendance by representatives from domestic group companies. Bilateral discussions are conducted with agenda items that include those related to management plans.), reflecting these in their duties as outside directors.

The two (2) outside audit & supervisory board members have deep knowledge and insight as specialists in law and business management and have a role in strengthening MOL's audit structure from an independent position. In addition to attending Board of Directors' meetings and Audit & Supervisory Board's meetings, they interview inside directors and executive officers, meet periodically with the accounting auditor, and survey the MOL Group's bases of activity, including those overseas, to reflect knowledge gained via these activities in their duties as outside audit & supervisory board members.

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of the Japanese original text of the business report of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

BUSINESS REPORT

(From April 1, 2017 to March 31, 2018)

1. Matters Concerning the Present State of the Corporate Group

(1) Business Progress and Results

In the global economy during the fiscal year (FY) 2017 (April 1, 2017 to March 31, 2018), overall, a trend of stable expansion seen in the previous fiscal year continued to prevail. In the U.S. economy, there was ongoing recovery in personal consumption amid favorable employment and income environments, the corporate sector continued to recover in production and exports and a trend of expansion was maintained. In the European economy, personal consumption was firm amid improvement in the employment environment and a moderate recovery continued. The Chinese economy continued firmly with personal consumption expanding stably on the back of favorable employment and income environments, and exports also expanding on the tailwind of a recovering global economy. In Japan, economic recovery continued, with ongoing favorable employment and income environments and a continuing moderate recovery of personal consumption, along with a recovery in demand in the corporate sector both in Japan and overseas.

Looking at the maritime shipping market conditions, the dry bulker market proceeded at a higher level compared with the previous fiscal year, supported by strong cargo movements of iron ore, grain cargo from the east coast of South America, and coal, which is one of mainstay cargos. The very large crude oil carrier (VLCC) market, without a significant rise over the winter demand season, dropped below the previous fiscal year's levels even for the entire full year, against a backdrop of a surplus of vessels brought about by factors such as a vessel supply increase, delays in the progress of the retirement of aged vessels, and permeating adverse effects of decisions by OPEC countries to reduce oil production. In the containership freight market, there were observable improvements in the supply and demand environment on Asia-North America, Asia-Europe and Asia-South America trades, which facilitated a recovery in the spot freight rates. As described above, there were signs of recovery in some areas but due to an overall lack of briskness, a full-scale recovery has not eventuated.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year depreciated by ¥2.51 year on year to ¥111.08. The average bunker price during the same period rose by US$70/MT year on year to US$354/MT.

The Company established a joint-venture company to integrate the container shipping business, Ocean Network Express Pte. Ltd. (ONE). In relation to the business integration, losses related to the charter-out of vessels to ONE, losses on liquidation of the Company's agencies, and others are projected to be incurred from FY2018 and afterwards. Therefore, the company has recorded a loss as "loss related to business restructuring", the majority of which is provisions for the above-mentioned future integration-related loss.

As a result of the above, although revenue of ¥1,652.3 billion, operating profit of ¥22.6 billion, and ordinary profit of ¥31.4 billion all were higher compared with the previous fiscal year, loss attributable to owners of parent was ¥47.3 billion.

(2) Financial Position and Results of Operations

(¥ million)

Category	FY2014	FY2015	FY2016	FY2017 (current fiscal year)
Revenues	1,817,069	1,712,222	1,504,373	1,652,393
Ordinary profit	51,330	36,267	25,426	31,473
Profit (loss) attributable to owners of parent	42,356	(170,447)	5,257	(47,380)
Net income (loss) per share (¥)	354.16	(1,425.05)	43.95	(396.16)
Total assets	2,624,049	2,219,587	2,217,528	2,225,636
Total net assets	892,435	646,924	683,621	628,044
ROE (Return on Equity)	5.8%	(25.8)%	0.9%	(8.7)%
ROA (Return on Assets)	2.1%	1.5%	1.1%	1.4%
Equity ratio	29.8%	24.4%	25.8%	23.0%
Net gearing ratio *(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity	135%	164%	164%	182%

Notes: 1. Figures in revenues, ordinary profit, profit (loss) attributable to owners of parent, total assets and total net assets are rounded down to the nearest million.
2. On October 1, 2017, MOL conducted a consolidation of shares at a ratio of ten (10) shares for every one (1) share. Net income (loss) per share is calculated on the assumption that said consolidation of shares had been made at the beginning of FY2014.

(3) Business Overview by Segment

As a result of the reorganization implemented on April 1, 2017, we changed the business domains from "Bulkships," "Containerships," "Ferries and Coastal RoRo Ships" and "Associated Businesses" to "Dry Bulk Business," "Energy Transport Business," "Product Transport Business" and "Associated Businesses." The following figures for FY2016 are restated by performing reclassification to conform to the business domains in FY2017.

Dry Bulk Business			
Revenues	¥272.9 billion	Revenue composition ratio	16.52%
Ordinary profit (loss)	¥15.4 billion		

[Major Business Lines]
Owning and operating bulk carriers and specialized vessels for specific cargo types, including dry cargo such as iron ore, coal, grains, wood, wood chips, cement, fertilizer, and salt.

[Overview of Market Conditions of FY2017]
- In the Capesize bulker market, although the market continued to fall for the first half of the fiscal year, it began rising together against a backdrop of increasing cargo volume of iron ore loaded in Brazil from the summer onward. The market proceeded firmly.
- The Panamax market proceeded firmly with a tight balance between supply and demand due to strong cargo movements of grain, particularly soy and corn, from the east coast of South America and coal which is one of mainstay cargos.
- In accordance with the pick-up in the overall dry bulker market, the markets for the Handymax and smaller-sized bulkers also proceeded firmly.
- The overall Dry Bulk Business recorded a stable ordinary profit due partly to the effect of the business structural reforms.

[Major Initiatives]
- Acquisition of new contracts and contract extensions with a focus on medium- to long-term transport contracts with domestic and overseas customers (including conclusion of new five-year contract for the transport of bauxite from Guinea).

- Continued joint research and consideration toward construction of LNG-fueled capesize bulkers.

Energy Transport Business			
Revenues	¥270.9 billion	Revenue composition ratio	16.40%
Ordinary profit (loss)	¥13.6 billion		

[Major Business Lines]
- Owning and operating tankers such as crude oil tankers; product tankers that carry naphtha, gasoline and other refined petroleum products; and chemical tankers that carry liquid chemical products.
- Owning and operating LNG carriers that carry liquified natural gas, and development of offshore businesses such as FPSO (floating production, storage and offloading system) and FSRU (floating storage and regasification unit).
- Owning and operating steaming coal carriers for the transport of coal for thermal power generation.

[Overview of Market Conditions of FY2017]
●Tanker Business
- The very large crude oil carrier (VLCC) market did not rise over the winter demand period and dropped below the previous fiscal year's levels, even for the entire year due to weak demand against a backdrop of a vessel supply increase and permeating adverse effects of decisions by OPEC countries to reduce oil production.
- The product tanker market proceeded weakly as the balance between supply and demand deteriorated overall due to factors such as a slowdown in cargo movements along with increased new vessel deliveries. The LPG carrier market for the full year was roughly the same level as the previous fiscal year.
- The overall tanker division experienced a profit decrease year on year, but nevertheless achieved profitability against a backdrop of stable profits from long-term contracts.

●LNG Carrier/Offshore Business
- The LNG carrier division received delivery of five new vessels, including one for the world's first ice-breaking LNG carrier project. The division achieved profitability due to the steady increase of stable profits accompanying the operation of existing projects.
- The offshore business division recorded a stable ordinary profit, brought about by operations of one new FPSO and one new FSRU in addition to the existing projects.

● Steaming Coal Carrier
- Cargo movements proceeded firmly for coal for thermal power generation in Japan, and medium- to long-term contracts maintained high utilization. Profitability for short-term contracts also improved due to improvement in the spot market, increasing profits year on year.

[Major Initiatives]
●Tanker Business
- Conclusion of new contracts for customers in Japan and overseas.
- Improve operation efficiency and continuously cut costs through pool arrangements.

●LNG Carrier
- Received delivery for the first ship in the world's first ice-breaking LNG carrier project. Begin first loading and lading at the port of Sabetta in Russia.

●Offshore Business
- Participate in construction of new FSRU project (LNG receiving terminal construction and operation project), the first of its kind in India.
- Delivery of "MOL FSRU CHALLENGER," the world's largest FSRU. To be introduced to an FSRU project in Turkey.

Product Transport Business			
Revenues	¥1,013.0 billion	Revenue composition ratio	61.31%
Ordinary profit (loss)	¥(6.3) billion		

Containerships share of Product Transport Business			
Revenues	¥751.6 billion	Revenue composition ratio	45.49%
Ordinary profit (loss)	¥(10.6) billion		

[Major Business Lines]

- Owning and operating containerships, container terminals, air and sea forwarding, land transport, warehousing services, services for the transport of heavy goods, etc., and offering total logistics solutions through the above.
- Owning and operating specialized car carriers for the transport of completed cars and construction machinery and development of comprehensive car transport services such as land transport and terminal operation.
- Transporting passengers and cargos by operating ferries in inshore Pacific and Seto Inland Sea.

[Overview of Market Conditions of FY2017]

● Containerships

- The spot freight market on the Asia-North America trades proceeded firmly overall over the full year under the circumstances that movement of cargo shifted at the record high pace.
- On the Asia-Europe trades, while there was a significant recovery in cargo volume, the spot freight rates remain relatively stable due to new deployments of large-sized vessels.
- On the Asia-East Coast of South America trades, cargo volumes recovered sharply as a result of a pick-up in the Brazilian economy, and spot freight rates, which sharply rose from the beginning of spring, made a significant contribution to improving profitability.
- Needing to make use of the increased space provided by the launches of large containerships, the division energetically secured annual contracts in the beginning of spring, thereby limiting the amount of profits received from spot freight rates, which had risen from summer onward on the Asia-North America trades and the Asia-Europe trades.
- The ordinary loss in the containership business overall was improved year on year due to factors such as the effect of launches of large containerships.

● Car Carriers

- Although the transportation volume of completed cars continued to be firm to North America, Asia and Oceania, recovery of operations to the resource-producing countries is lagging under the current climate of sluggish resource prices. The division made progress reducing the number of ships and improving operation efficiency and achieved an operating profit that exceeded last year’s performance.

● Ferries and Coastal RoRo Ships

- The cargo volume was firm as a result of further accelerated modal shift, which reflects changes in the trucking labor situation such as shortage and aging of the workforce, and tighter labor controls.
- Promotion activities selling the concept of casual cruises were successful in increasing passengers, and as a result, operations proceeded firmly, particularly for the Seto Inland Sea trade and the South Kyushu trade.
- Ordinary profit was down year on year due mainly to a rise in the bunker price and long-term sailing cancellations owing to trouble on some ferries.

[Major Initiatives]

● Containerships

- The alliance on east-west operated trades was restructured. Services started under a new partnership, THE Alliance, by five (5) companies from April 2017.
- Established Ocean Network Express Pte. Ltd. containership joint venture from three (3) Japanese shipping companies with services beginning in April 2018.
- In the terminal business, initiatives such as expansion construction at the port of Oakland in the U.S. and construction of the Lach Huyen terminal in Vietnam opening in May 2018 are proceeding solidly.
- The logistics business has been working to expand its business reach in areas including Southeast Asia,

India, and North America, while making a capital contribution to a tank container operator that is projected to provide deep synergies with the MOL Group.

● Car Carriers
- Received delivery of the first ship in the FLEXIE Series, a next-generation car carrier that can respond to the diversifying transport demand and environment.
- Reducing aged vessels, improving operational efficiency in response to changing trade patterns in respect to vessels and space flexibility, etc., among Group companies.

● Ferries and Coastal RoRo Ships
- Launch of two (2) new ferries on the Hokkaido trade.
- Strengthen promotions for two (2) new ferries scheduled to begin service on the South Kyushu trade during FY2018.
- With the aim of further advancing recognition of casual cruises, enhance marketing activities targeted at cruise customers by leveraging ICT.

Associated Businesses			
Revenues	¥118.4 billion	Revenue composition ratio	7.17%
Ordinary profit (loss)	¥12.6 billion		

[Major Business Lines]
Real estate business, cruise ship business, tugboat business, trading business (fuel, vessel materials, sales of machinery, etc.), HR and staffing business, etc.

[Overview of Market Conditions of FY2017]
- The cruise ship business recorded a year-on-year decrease in ordinary profit due mainly to the effect of cruise cancellations because of the impact of typhoons, despite healthy passenger sales for the Nippon Maru.
- In the real estate business, ordinary profit increased year on year owing mainly to Daibiru Corporation, the core company in the MOL Group's real estate business, increasing its sales on the back of the firm office leasing market, centered on the Tokyo metropolitan area.
- Other associated businesses, such as the tugboat and trading businesses, also showed firm performances overall.
- Ordinary profit of the Associated Businesses segment increased on a year-on-year basis.

[Major Initiatives]
- The cruise ship business held the Flying Cruise Kyushu: Tour Around Kyushu as a joint program with JTB KYUSHU Corp. (currently JTB Corp.) The tour tied together all seven (7) prefectures in Kyushu with one route, receiving high praise from the transport and tourism industries in addition to local municipalities.
- Ordered an LNG-fueled tugboat in the tugboat business with a scheduled launch date of April 2019.

Others			
Revenues	¥22.5 billion	Revenue composition ratio	1.36%
Ordinary profit (loss)	¥2.6 billion		

[Major Business Lines]
Ship management business, financing business, shipbuilding business, information service business, accounting service business, marine consulting business, etc.

[Overview of Market Conditions of FY2017]
Ordinary profit in this segment whose costs are borne mainly by the MOL Group increased year on year.

(4) Fund Raising

1) Fund Raising

The Group's funds required in the fiscal year under review were financed with our own resources and borrowings from financial institutions.

2) Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to approximately ¥149.1 billion.

(¥ million)

Name of Segment	Amount of Capital Investment
Dry Bulk Business	5,912
Energy Transport Business	87,430
Product Transport Business	48,508
Containerships only	21,735
Associated Businesses	5,967
Others	763
Adjustment	612
Total	149,195

Notes: 1. Figures less than one million yen are rounded down to the nearest million.

2. "Adjustment" includes assets which are not allocated to segments.

Twenty-one vessels in Dry Bulk Business, Energy Transport Business, and Product Transport Business were sold and removed.

Sale of Vessels

Name of Segment	Number of Vessels	Deadweight Tons (in thousands)	Book Value (¥ million)
Dry Bulk Business	4	248	1,663
Energy Transport Business	6	682	9,099
Product Transport Business	11	215	16,136
Containerships only	1	62	3,590
Total	21	1,145	26,900

Note: Figures less than one million yen are rounded down to the nearest million.

(5) Management Strategies and Issues to be Addressed

Management Plan "Rolling Plan 2018"

MOL formulated the "Rolling Plan 2017" management plan that started in FY2017. While upholding a mindset of disciplined financial management, MOL is giving priority of its investment of management resources to businesses and projects in which the MOL Group has a competitive advantage with the aim of accumulating stable profit for the future.

This policy will be maintained in FY2018, and MOL has formulated "Rolling Plan 2018," which further deepens the content of these measures. Toward achieving the vision for the MOL Group 10 years from now, the following measures will be executed as pillars for the three long-term objectives of "providing stress-free services," "developing the environment and emission-free business into one of our future core businesses," and becoming the "most competitive business conglomerate."

1. Vision for the MOL Group 10 years from now

◦ Provide "stress-free services that are truly convenient for customers worldwide," with the aim of "serving customers as a solid and reliable partner at all times."
◦ Develop the environment and emission-free business into one of our future core businesses.
◦ Become the "most competitive business conglomerate" by selecting and focusing on comparatively strong businesses.

2. Strategies for realizing the vision

(1) Investment and business strategies

- Continuing from FY2017, focus new investments on high-priority projects and conduct both investments and disciplined financial management.
- In the marine transport business division, invest management resources effectively, focusing on business fields where MOL has an advantage and where there is potential for solid earnings.
- In the marine associated business divisions, including the offshore business, ferry business, and logistics businesses, expand and strengthen business areas with potential for growth.

(2) Deepening long-term objectives and strengthening price competitiveness

- Discern customer needs by going beyond previous sales activity frameworks to provide solutions that also utilize digital solutions (stress-free services).
- In consideration of customer opinions, heighten cost competitiveness in areas such as fleet costs and administrative costs to improve MOL's price competitiveness.
- Revise organizations and structures to aggressively promote measures to achieve targets.

(3) Refine themes for significant areas for improvement to support long-term objectives

As significant areas for improvement, MOL will continue with measures in the five (5) total areas of enhancing marine technical skills, utilizing ICT, technological development, the environment and emission-free business, and work-style reforms to organically tie these together. In FY2018, the second year of such activities, MOL will refine focus themes for each area, and promote measures to ensure their fruition.

Medium- to Long-Term Profit Levels and Key Financial Indicators and Shareholder Returns (Continued from Rolling Plan 2017)

Medium- to Long-Term Profit Levels and Key Financial Indicators

	Projected medium-term levels	2027 Targets
Ordinary Profit	¥80.0-¥100.0 billion	¥150.0-¥200.0 billion
ROE	8-12%	-
Gearing Ratio	2.0 or less	1.0

In addition to realizing an improved bottom line and profitable operations in the containership business following that business's integration, MOL is further accruing stable profits in the Dry Bulk Business, tanker division, as well as the LNG carrier division and offshore business, which have great growth potential, by paying attention to investment efficiency and pursuing medium- to long-term contracts. Furthermore, MOL will also be expanding and strengthening business in the chemical tanker business and ferry business due to its strengths in these fields. MOL believes such measures are a path that will lead to improvement in MOL's profitability and financial indices.

Shareholder Returns

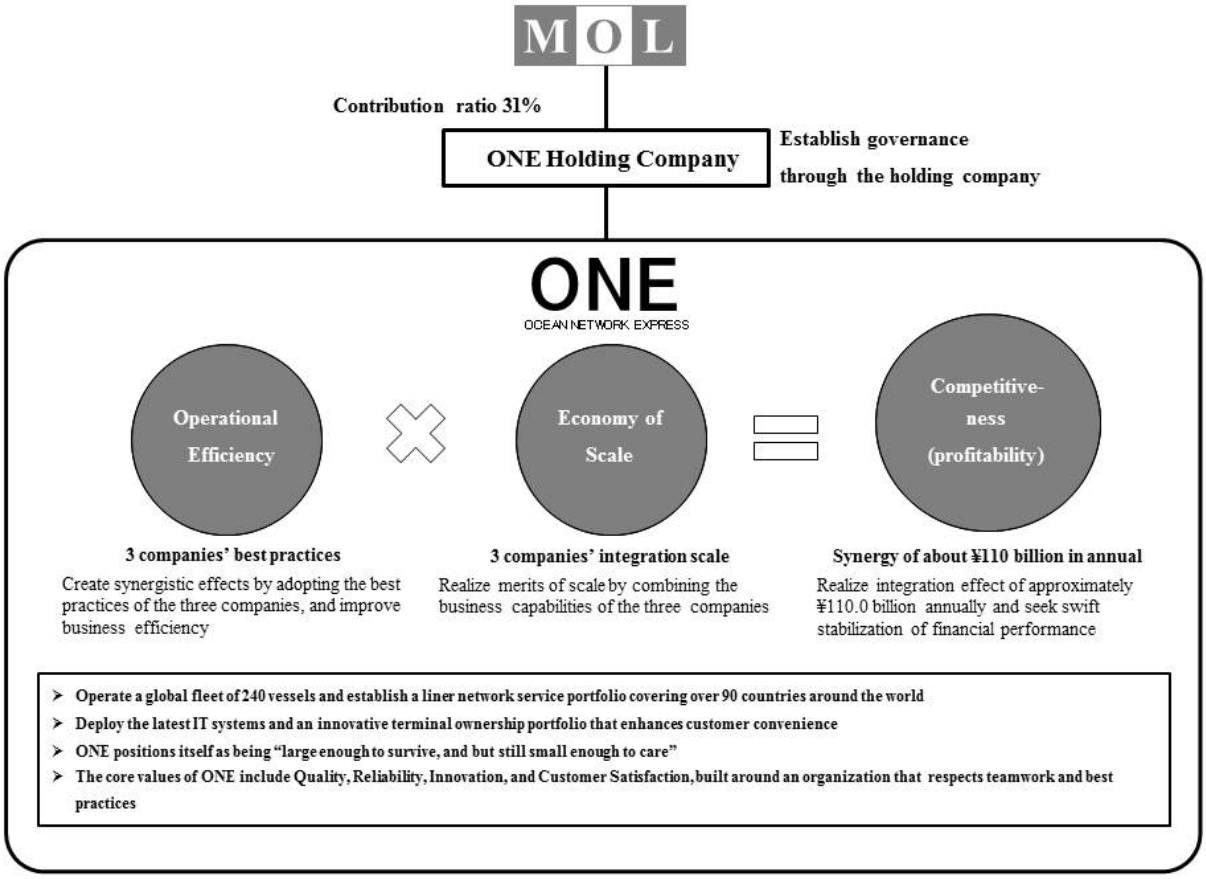
In the near term, pay dividends with a 20% dividend payout ratio as a guideline, while working to improve the ratio as a medium- and long-term priority.

[Translation for Reference and Convenience Purposes Only]

Integration of Container Shipping Businesses

After the integration of the container shipping businesses, Ocean Network Express will become an equity method affiliate with a percentage of equity participation of 31%, but the containerships business will continue to be positioned as a core business for MOL.

Of the six (6) directors serving at the holding company for Ocean Network Express, two (2) are persons on assignment from MOL, and MOL will continue to strengthen governance through this holding company in the future.



Establishment of Technology Innovation Unit

As a new measure, MOL established the Technology Innovation Unit. Toward realizing the provision of stress-free services, MOL will not place sole focus on rapid technological development, but discover latent customer needs and plant technological seeds to match, aiming to create a new revolution in logistics. For the foreseeable future, the new unit's strategies will focus on the following three fields.

Promotion of LNG-fueled Vessels

- Objectives:
  1) Take steps to respond to stricter NOx/SOx regulations
  2) Prevent global warming by promoting the adoption of LNG fuel
- Studying newbuilding of LNG-fueled vessels such as dry bulkers, car carriers, and ferries
- An LNG bunker vessel is under construction and expected to be delivered in 2020

Promotion of Wind Challenger Project

- Wind Challenger = The next-generation sailing vessel with solid wing sails assisted by the main propulsion system
- In 2018, select a vessel to be equipped with sails, and setting delivery of the equipment in 2020 following completion of a detailed design

Promotion of Autonomous Sailing

- Objectives:
  1) Prevent human error
  2) Respond to a shortage of seafarers in the future
  3) Improve service quality by visualizing cargo status and sharing timely operational information
  4) Reduce environmental impact by selecting optimal routes
- Set a goal of achieving autonomous sailing by 2025-2030

Issues to be Addressed

Regarding the integration of container shipping businesses with Nippon Yusen Kabushiki Kaisha and Kawasaki Kisen Kaisha, Ltd. agreed in October 2016, MOL has been diligently advancing preparations, and the Ocean Network Express joint venture began operations in April 1, 2018. To enable Ocean Network Express to demonstrate synergies from the integration as soon as possible, MOL will cooperate under appropriate governance as a shareholder in establishing the business base of Ocean Network Express.

Since 2012, the MOL Group is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group, for damage claims, a cease and desist order for the questioned conduct. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with antitrust laws of respective nations, as well as strive to prevent recurrence.

(6) Principal Business (As of March 31, 2018)

Worldwide Maritime cargo transport services such as Bulkships, various Bulk Carriers, Tankers, LNG Carriers and Container vessels and Marine transportation businesses such as collection of freight, ship charter hire and handling charges in operations, offshore business, warehousing and real estate

(7) Principal Business Offices (As of March 31, 2018)

1) The Company

	Location
Head and registered office	Tokyo
Branch offices	Nagoya (Aichi Pref.), Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima (Hiroshima Pref.)
Representative offices	Beijing Representative Office (China)

2) Subsidiaries

- Principal domestic business offices
  Tokyo, Kanagawa Pref., Osaka, Hyogo Pref.
- Principal overseas business offices
  U.S.A., Canada, Mexico, Panama, Brazil, Chile, Peru, United Kingdom, Germany, the Netherlands, Belgium, Poland, Czech Republic, Cote d'Ivoire, Ghana, Nigeria, South Africa, China, Taiwan, Korea, the Philippines, Vietnam, Cambodia, Singapore, Malaysia, Indonesia, India, Pakistan, Thailand, Myanmar, Australia, New Zealand

(8) Shipping Tonnage of the Group (As of March 31, 2018)

Category	Dry Bulk Business		Energy Transport Business		Product Transport Business	
	Dry Bulkers		Tankers, LNG Carriers and Steaming Coal Carriers(*)			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands
Owned vessels	49	4,676	121	13,557	74	1,974
Chartered vessels	247	21,965	141	6,992	150	7,582
Others	0	0	10	472	0	0
Total	296	26,641	272	21,020	224	9,556

Category	Product Transport Business		Associated Businesses		Others		Total	
	Containerships only		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands		in thousands
Owned vessels	14	1,106	1	5	0	0	245	20,212
Chartered vessels	77	6,367	0	0	2	13	540	36,551
Others	0	0	0	0	0	0	10	472
Total	91	7,474	1	5	2	13	795	57,235

(*) Including coastal ships (excluding coastal RoRo ships).

(9) Employees (As of March 31, 2018)

1) Employees of the Group

Name of Segment	Number of Employees	
Dry Bulk Business	215	(31)
Energy Transport Business	703	(82)
Product Transport Business	6,910	(599)
Containerships only	5,846	(468)
Associated Businesses	2,085	(1,504)
Others	594	(52)
Company-wide (common)	321	(71)
Total	10,828	(2,339)
As of March 31, 2017	10,794	(2,235)

Notes: 1. The number of employees includes the entire labor force, and the approximate average number of temporary employees is indicated in parentheses.
2. The employees indicated as Company-wide (common) belong to administrative departments, which cannot be classified in any specific segment.

2) Employees of the Company

Number of Employees		Year-on-year Increase (Decrease)	Average Age	Average Years of Service
	persons	persons	years old	years
Employees on land duty	663	(7)	39.4	15.9
Employees on sea duty	312	16	32.0	10.6
Total	975	9	37.0	14.2

Notes: 1. The number of employees on land duty does not include 369 employees dispatched outside the Company and 214 non-regular employees and others.
2. The number of employees on sea duty does not include 5 employees dispatched outside the Company and 41 non-regular employees and others.

(10) Principal Subsidiaries (As of March 31, 2018)

Company	Paid-in Capital (¥ million)	Percentage of Equity Participation (%)	Principal Business
Daibiru Corporation	12,227	*51.06	Real estate business
Utoc Corporation	2,155	*67.42	Harbor and transportation business
Mitsui O.S.K. Passenger Line, Ltd.	100	100.00	Marine transportation business
Mitsui O.S.K. Kinkai, Ltd.	660	100.00	Marine transportation business
Mitsui O.S.K. Techno-Trade, Ltd.	490	100.00	Sales of fuel oil/vessel materials/ machinery
MOL Logistics (Japan) Co., Ltd.	756	75.06	Air Transport agents and other businesses
Ferry Sunflower Ltd.	100	99.00	Marine transportation business
Nissan Motor Car Carrier Co., Ltd.	640	90.00	Marine transportation business
MOL Ferry Co., Ltd.	1,577	100.00	Marine transportation business
Phoenix Tankers Pte. Ltd.	379,311 USD Thousand	100.00	Marine transportation business
MOL Chemical Tankers Pte. Ltd.	138,017 SGD Thousand	100.00	Marine transportation business
TraPac, LLC.	–	*51.00	Harbor and transportation business

Notes: 1. Figures less than one million yen are rounded down to the nearest million. Figures less than one thousand USD and one thousand SGD are rounded down to the nearest thousand.
2. Percentage of participation is the total of percentage of direct equity participation by the Company and indirect equity participation through subsidiaries.
Figures prefixed by * include a percentage of indirect equity participation by subsidiaries. Such

figures reflect the percentage of equity participation of the holding subsidiary held by the Group.

(11) Principal Equity Method Affiliates (As of March 31, 2018)

Company	Paid-in Capital	Percentage of Equity Participation (%)	Principal Business
Ocean Network Express Pte. Ltd.	800,000 USD Thousand	*31.00	Marine transportation business

Notes: 1. Figures less than one thousand USD are rounded down to the nearest thousand.

2. Percentage of participation is the total of percentage of direct equity participation by the Company and indirect equity participation through affiliates.
Figures prefixed by * include a percentage of indirect equity participation by affiliates. Such figures reflect the percentage of equity participation of the holding affiliate held by the Group.

(12) Major Creditors (As of March 31, 2018)

(¥ million)

Creditor	Loan Outstanding
Sumitomo Mitsui Banking Corporation	76,430
Development Bank of Japan Inc.	51,149
Mitsubishi UFJ Trust and Banking Corporation	39,980
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	30,511
Mizuho Bank, Ltd.	26,509
Sumitomo Mitsui Trust Bank, Limited.	24,390

Notes: 1. Figures less than one million yen are rounded down to the nearest million.

2. On April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its company name to MUFG Bank, Ltd.

[Translation for Reference and Convenience Purposes Only]

2. Status of Shares (As of March 31, 2018)

* On October 1, 2017, MOL changed the number of shares constituting one (1) trading unit of shares from 1,000 shares to 100 shares.
Additionally, a share consolidation was conducted on the same date of one (1) share for every ten (10) shares, and the total number of shares authorized to be issued was also changed from 3,154,000 thousand shares to 315,400 thousand shares.
As a result, the number of shares issued changed from 1,206,286,115 shares to 120,628,611 shares.

(1) Total Number of Shares Authorized to Be Issued 315,400,000 shares

(2) Number of Shares Issued 120,628,611 shares
(**including own shares** 1,031,772 shares)

(3) Number of Shareholders 86,927 parties

(4) Major Shareholders

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (in thousands)	Investment ratio (%)
1. The Master Trust Bank of Japan, Ltd. (Trust Account)	6,706	5.61
2. Japan Trustee Services Bank, Ltd. (Trust Account)	6,392	5.34
3. BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,807	4.02
4. Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,679	3.91
5. Mitsui Sumitomo Insurance Co., Ltd.	3,016	2.52
6. Sumitomo Mitsui Banking Corporation	3,000	2.51
7. Japan Trustee Services Bank, Ltd. (Mitsui E&S Holdings Co., Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	2,931	2.45
8. HSBC BANK PLC A/C CLIENTS 1	2,450	2.05
9. Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,289	1.91
10. STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	2,256	1.89

Notes: 1. Shares less than 1,000 have been rounded down to the nearest 1,000 shares.
2. Shares of the above loan and trust companies include shares related to trust services.
3. The investment ratio is calculated excluding own shares (1,031,772 shares).

[Translation for Reference and Convenience Purposes Only]

3. Matters Concerning Stock Acquisition Rights

(1) Outline of Stock Acquisition Rights Held by the Company's Officers at the End of the Fiscal Year under Review, etc.

Issue date	August 8, 2008	August 14, 2009	August 16, 2010	August 9, 2011	August 13, 2012	August 16, 2013	August 18, 2014	August 17, 2015	August 15, 2016	August 15, 2017
Total number of holders (persons)	1	1	1	2	1	4	4	6	8	9
MOL Directors (excluding outside directors) (persons)	1	1	1	1	1	3	3	5	5	6
MOL Outside Directors (persons)	0	0	0	1	0	1	1	1	3	3
MOL Audit & Supervisory Board Members (persons)	None	None	None	None	None	None	None	None	None	None
Total number of stock acquisition rights (units)	40	40	100	120	20	158	180	322	380	420
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 4,000	(common stock) 4,000	(common stock) 10,000	(common stock) 12,000	(common stock) 2,000	(common stock) 15,800	(common stock) 18,000	(common stock) 32,200	(common stock) 38,000	(common stock) 42,000
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	15,690	6,390	6,420	4,680	2,770	4,470	4,120	4,270	2,420	3,780
Exercise period of the stock acquisition rights	July 25, 2009 to June 24, 2018	July 31, 2011 to June 22, 2019	July 31, 2012 to June 21, 2020	July 26, 2013 to June 22, 2021	July 28, 2014 to June 21, 2022	August 2, 2015 to June 20, 2023	August 2, 2016 to June 23, 2024	August 1, 2017 to June 20, 2025	August 1, 2018 to June 19, 2026	August 1, 2019 to June 25, 2027
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Notes: 1. 1) A stock acquisition right cannot be partially exercised.
2) Even if the grantee no longer holds a position as an officer of the Company, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
3) Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.

2. The stock acquisition rights granted to MOL directors are indicated.
3. A share consolidation was conducted on October 1, 2017 of one (1) share for every ten (10) shares. As a result, the class and number of shares subject to the stock acquisition rights and exercise price have been adjusted.

(2) Outline of Stock Acquisition Rights Granted to MOL Employees, etc. during the Fiscal Year under Review, etc.

Issue date	August 15, 2017
Total number of employees granted (persons)	86
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	18
MOL employees (excluding one serving as an MOL officer/executive officer) (persons)	33
Officers and employees of MOL subsidiaries (excluding ones serving as an MOL officer/executive officer/employee) (persons)	35
Total number of stock acquisition rights (units)	1,150
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 115,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	3,780
Exercise period of the stock acquisition rights	August 1, 2019 to June 25, 2027
Exercise conditions of the stock acquisition rights	(Note 1)

Notes: 1. 1) A stock acquisition right cannot be partially exercised.
2) Even if the grantee no longer holds a position as an MOL employee, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
3) Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.
2. A share consolidation was conducted on October 1, 2017 of one (1) share for every ten (10) shares. As a result, the class and number of shares subject to the stock acquisition rights and exercise price have been adjusted.

(3) Other Significant Matters Concerning Stock Acquisition Rights, etc.

The Company issued "Euro US dollar Zero Coupon Convertible Bond due 2018" and "Euro US dollar Zero Coupon Convertible Bond Due 2020," and their details are as follows.

Euro US dollar Zero Coupon Convertible Bond due 2018

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	3,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 5,649,717
Conversion price	US$53.10
Exercise period of the stock acquisition rights	May 8, 2014 to April 10, 2018
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US$300 million

Euro US dollar Zero Coupon Convertible Bond Due 2020

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	2,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 4,184,100
Conversion price	US$47.80
Exercise period of the stock acquisition rights	May 8, 2014 to April 9, 2020
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US$200 million

[Translation for Reference and Convenience Purposes Only]

Note: A share consolidation was conducted on October 1, 2017 of one (1) share for every ten (10) shares. As a result, the class and number of shares subject to the stock acquisition rights and conversion price have been adjusted.

[Translation for Reference and Convenience Purposes Only]

4. Matters Concerning Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, Chairman of the Board, Chairman Executive Officer	Koichi Muto		President, The Japanese Shipowners' Association
Representative Director, President, Chief Executive Officer	Junichiro Ikeda		
Representative Director, Executive Vice President, Executive Officer	Masahiro Tanabe	Assistant to President, Chief Compliance Officer, Director General, Product Transport Business Unit, Supervisor for; Liner Division, Port Projects & Logistics Business Division, New Business Creation and Group Business Division, Responsible for; Internal Audit Office, General Affairs Division	
Director, Senior Managing Executive Officer	Shizuo Takahashi	Chief Information Officer, Deputy Director General, Safety Operations Headquarters, Responsible for; Secretaries Office, Corporate Planning Division, Smart Shipping Office, MOL Information Systems, Ltd.	
Director, Senior Managing Executive Officer	Takeshi Hashimoto	Director General, Energy Transport Business Unit, Supervisor for; Steaming Coal Carrier Division, LNG Carrier Division, Responsible for; Energy Business Strategy Office, Bunker Business Office, Offshore Business Division	
Director, Managing Executive Officer	Takashi Maruyama	Responsible for; Finance Division, Accounting Division, Investor Relations Office	
Director	Masayuki Matsushima		Provided in (4) Matters Concerning Outside Officers below.
Director	Hideto Fujii		Provided in (4) Matters Concerning Outside Officers below.
Director	Etsuko Katsu		Provided in (4) Matters Concerning Outside Officers below.
Full-time Audit & Supervisory Board Member	Takashi Nakashima		Statutory Auditor, Utoc Corporation
Full-time Audit & Supervisory Board Member	Kenji Jitsu		
Audit & Supervisory Board Member	Hiroyuki Itami		Provided in (4) Matters Concerning Outside Officers below.
Audit & Supervisory Board Member	Hideki Yamashita		Provided in (4) Matters Concerning Outside Officers below.

[Translation for Reference and Convenience Purposes Only]

Notes:
1. Directors Masayuki Matsushima, Hideto Fujii, and Etsuko Katsu are outside directors. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (on page 16 and 17).
2. Kenji Jitsu, an audit & supervisory board member, has considerable knowledge about ESG and accounting from his many years of experience in Corporate Planning, Accounting and Investor Relations Divisions.
3. Audit & Supervisory Board Members, Hiroyuki Itami and Hideki Yamashita are outside audit & supervisory board members. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (on page 16 and 17).
4. Hiroyuki Itami, an audit & supervisory board member, is thoroughly versed in business management through practical research on business strategies as an expert in business science, and has considerable knowledge about finance and accounting.
5. Hideki Yamashita, an audit & supervisory board member, is familiar with corporate legal affairs as an attorney at law, and has considerable knowledge about finance and accounting.
6. At the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2017, Director Kenichi Nagata and Audit & Supervisory Board Member Takehiko Ota resigned from their offices due to expiration of their terms.
7. Executive officers as of March 31, 2018 are as follows (excluding ones concurrently serving as director).

Executive Officers (As of March 31, 2018)

Position	Name	Assignment
Senior Managing Executive Officer	Akihiko Ono	Deputy Director General, Product Transport Business Unit, Responsible for Liner Division
Senior Managing Executive Officer	Akio Mitsuta	Deputy Director General, Energy Transport Business Unit, Responsible for; Tanker Division, Tanker Safety Management Office, Secondarily Responsible for Bunker Business Office
Managing Executive Officer	Toshiya Konishi	Deputy Director General, Product Transport Business Unit, Responsible for; Europe, Africa and the Americas Area, Port Projects & Logistics Business Division, Chief Executive Representative for Americas
Managing Executive Officer	Naotoshi Omoto	Deputy Director General, Product Transport Business Unit, Responsible for Car Carrier Division
Managing Executive Officer	Yoshikazu Kawagoe	Responsible for Technical Division, Secondarily Responsible for Smart Shipping Office
Managing Executive Officer	Koichi Yashima	Deputy Director General, Product Transport Business Unit, Responsible for; Kansai Area, Human Resources Division, New Business Creation and Group Business Division
Managing Executive Officer	Mitsujiro Akasaka	Responsible for; Asia, Middle East and Oceania Area, Chief Executive Representative for Asia, Middle East and Oceania, Managing Director of MOL (Asia Oceania) Pte. Ltd.

Managing Executive Officer	Toshiaki Tanaka	Director General, Dry Bulk Business Unit, Responsible for; Dry Bulk Business Planning & Co-ordination Office, Dry Bulk Carrier Division (A), Dry Bulk Carrier Division (B), Dry Bulk Carrier Supervising Office
Managing Executive Officer	Masanori Kato	Director General, Safety Operations Headquarters, Responsible for; Human Resources Division, Marine Safety Division, Secondarily Responsible for Smart Shipping Office
Executive Officer	Kenta Matsuzaka	Deputy Director General, Energy Transport Business Unit, Responsible for; LNG Carrier Division, LNG Safety Management Office, Secondarily Responsible for Offshore Business Division
Executive Officer	Masanori Kobayashi	Deputy Director General, Safety Operations Headquarters, Responsible for; Dry Bulk Carrier Supervising Office, Tanker Safety Management Office, LNG Safety Management Office, Secondarily Responsible for; Marine Safety Division, Smart Shipping Office
Executive Officer	Yutaka Hinooka	General Manager of Liner Division
Executive Officer	Masato Koike	General Manager of Tanker Division
Executive Officer	Kayo Ichikawa	Responsible for; Corporate Communication, Diversity Promotion, Work Efficiency Improvement, Public Relations Office, Secondarily Responsible for; Corporate Planning Division, Human Resources Division, Investor Relations Office
Executive Officer	Hikaru Isegawa	General Manager of New Business Creation and Group Business Division
Executive Officer	Toshinobu Shinoda	General Manager of Finance Division
Executive Officer	Hirofumi Kuwata	Deputy Director General, Dry Bulk Business Unit, Energy Transport Business Unit, Responsible for Steaming Coal Carrier Division, Secondarily Responsible for Dry Bulk Carrier Division (B)
Executive Officer	Nobuo Shiotsu	General Manager of Dry Bulk Carrier Division (A)

(2) Outline of the limited liability contract

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into contracts with outside officers that limit their liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if they perform their duties in good faith and without significant negligence.

(3) Remunerations Paid to Directors and Audit & Supervisory Board Members

By reference to companies in the same industry and companies of the same size in other industries, the Company has developed a system of remunerations for Directors and Audit & Supervisory Board Members that is suited for securing human resources, having a link with the Company's business performance designed to motivate Directors and Audit & Supervisory Board Members to achieve performance goals, and also ensuing a link with a medium- to a long-term corporate value.
In addition, the Company has established Remuneration Advisory Committee that consists of all three Outside Directors and Representative Director-Chairman Executive Officer and Representative

Director-President, Chief Executive Officer who were appointed by a resolution of the Board of Directors as committee members, and is chaired by an outside director to deliberate a structure for remunerations and other compensation packages for directors (including outside directors), calculation method thereof, as well as remunerations and other compensation packages of each individual.
Based on the aforementioned, the remuneration for directors consists of monthly remuneration, bonus based on operating performance for a single fiscal year, and stock option linked to medium- and long-term corporate value. As monthly remuneration, the Company provides directors with a monthly fixed amount, which varies, depending on the level of a director's position. Bonus, which is paid in June every year, comprises a base amount by position levels, which is determined based on the level of performance of the entire company's business results, plus compensation added for individuals achieving the performance results of a division in charge. Stock option, which is granted in August every year, is determined based on each director's position.
Audit & supervisory board members' remuneration is determined within the limit stipulated at a general meeting of shareholders, with consideration given to whether full time or part time, conditions for audit work assigned, and directors' remuneration levels and contents, and through discussions among audit & supervisory board members.
Bonuses and stock option are not provided to audit & supervisory board members.

Category	Number of Persons Remunerated	Total Amount of Remunerations by Type (¥ million)			Total Amount of Remunerations Paid (¥ million)
		Monthly remuneration	Bonus	Stock option	
Directors (including outside directors)	10	320	-	45	366
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	5	83	-	-	83
Total	15	404	-	45	450

Notes: 1. The above includes remuneration related to one (1) inside director and one (1) internal audit & supervisory board member who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2017.
2. The above includes payments of remunerations to five (5) outside officers totaling ¥56 million.
3. Recorded figures less than one (1) million are rounded down to the nearest million.

(4) Matters Concerning Outside Officers

1) Major activities and significant concurrent positions outside the Company

[Outside Directors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Masayuki Matsushima	Attended all ten (10) board meetings held in the fiscal year under review and appropriately made statements necessary for discussing proposals on the basis of his many years of experience and knowledge in the financial sector, from the objective viewpoint of an outside director.	Senior Adviser, Integral Corporation Outside Director, JGC Corporation Member of Management Council, Grant Thornton Taiyo LLC Senior Advisor, Taniguchi Partners International Accounting & Tax Office
Hideto Fujii	Attended eight (8) out of ten (10) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on his many years of experience and knowledge of Japan's economic management and policy finance, from the objective viewpoint of an outside director.	Adviser, Sumitomo Corporation
Etsuko Katsu	Attended all ten (10) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on her knowledge and insights as a specialist mainly on international finance, from the objective viewpoint of an outside director.	Professor, School of Political Science and Economics, Meiji University Director, Center for Entrance Examination Standardization Administrative Board Member, International Association of Universities (IAU) Board Member, Japan-United States Educational Commission

[Outside Audit & Supervisory Board Members]

Name	Major Activities	Significant Concurrent Positions outside the Company
Hiroyuki Itami	Attended nine (9) out of ten (10) board meetings and nine (9) out of ten (10) audit & supervisory board members' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the professional viewpoint as a scholar of business administration.	President, International University of Japan Outside Corporate Auditor, JFE Holdings, Inc.
Hideki Yamashita	Attended all ten (10) board meetings and all ten (10) audit & supervisory board members' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the professional viewpoint as an attorney at law.	Attorney at law, YAMASHITA & TOYAMA LAW AND PATENT OFFICE Outside Corporate Auditor, I-cell Networks Corp.

Note: No significant business relationships exist between the Company and the organizations for which the outside directors and outside audit & supervisory board members hold significant concurrent positions.

[Translation for Reference and Convenience Purposes Only]

5. Status of the Accounting Auditor of Business Report

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Compensations to the Accounting Auditor

(¥ million)

	Amount of Compensations Paid
Compensations paid for the fiscal year under review	108
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	232

Notes: 1. Figures less than one million yen are rounded down to the nearest million.

2. The audit agreement entered into by MOL and the Accounting Auditor does not clearly distinguish the amount being derived from the audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Act and cannot practically distinguish between the two types, therefore, the amount of compensations paid to the Accounting Auditor for the fiscal year under review is the total of these amounts.
3. The Audit & Supervisory Board of the Company has given its consent to the compensations to the Accounting Auditor for the fiscal year under review as stipulated in Article 399, paragraph (1) of the Companies Act, after the Board reviewed the descriptions in the audit plan, the Accounting Auditor's performance of its duties, the basis for calculating the estimated compensation, audit hours, and historical changes of compensations and other factors, and concluded that the compensations to the Accounting Auditor for the fiscal year under review are appropriate in view of efficiency of the audit and quality of audit delivered.

(3) Contents of Non-audit Services

There are no significant matters to report.

(4) Company Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

In case the Accounting Auditor is considered to be within the circumstances stipulated in any of items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor by consent of all audit & supervisory board members.
In addition to the above, in the case when there is any event that undermines eligibility or credibility as the Accounting Auditor, when it is considered difficult for the Accounting Auditor to properly perform an accounting audit, when it is considered reasonable to change the Accounting Auditor in order to improve the appropriateness of the accounting audit, or when the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in comprehensive consideration of the Accounting Auditor's performance of its duties and other various factors, the Audit & Supervisory Board decides details of an agenda concerning dismissal or non-reappointment of the Accounting Auditor and requests the Board of Directors to include that agenda in the agenda of the general meeting of shareholders.
The Board of Directors, upon request from the Audit & Supervisory Board, decides to include the said agenda in the agenda of the general meeting of shareholders.

6. System to Secure Properness of Operations

(1) Outline of the system to secure the properness of operations

The following is a summary of details of the decision on the system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and the system to secure properness of other operations of the Company.
(Last revision: April 27, 2018)

i) System to Ensure that the Execution of Duties by the Directors and Executive Officers Complies with Laws and Regulations and the Articles of Incorporation

<Compliance>

(a) The Group not only complies with laws and regulations and the articles of incorporation but also advocates an "open and visible management style that is guided by the highest ethical and social standards" as one of its corporate principles. The Company formulates the Compliance Policy as a basis to realize compliance and establishes a Compliance Committee, which is headed by a Chief Compliance Officer (CCO) appointed by the Board of Directors to develop and maintain the

compliance system through regular monitoring.

(b) The Company ensures that officers and employees comply with the code of conduct stipulated in Article 5 of the Compliance Policy, with a focus on compliance with overseas competition laws, taking a stringent and resolute attitude toward antisocial forces, prohibition of insider trading, prohibition of bribery, preservation of confidential information on customers and companies, etc. and prohibition of discrimination and harassment.

(c) The Company provides training by job rank and category and implements e-learning with respect to various laws and regulations and rules such as the Antimonopoly Act, the Financial Instruments and Exchange Act and the Unfair Competition Prevention Act as well as the Company regulations for all officers and employees to prevent compliance violations and take remedial actions while ensuring that officers and employees are fully aware of compliance and improving the level of such awareness.

(d) Based on the Compliance Policy, the Company develops and operates a reporting and consultation system by establishing a service desk for reports and consultation on violation of compliance rules as well as a compliance advisory service desk provided by an outside attorney. The Company guarantees that reports and consultations concerning compliance violations by officers or employees are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.

<Corporate governance>

(e) The Board of Directors consisting of inside directors and outside directors secures its proper operations with rules of the Board of Directors and supervises execution of duties by directors. Also, directors are involved in the highest level of policymaking regarding all aspects of corporate management through the Board of Directors, and, as members of the Board of Directors, they supervise and encourage executive officers to execute business.

(f) The Executive Committee set up by the Board of Directors deliberates to enable the President, Chief Executive Officer to decide important issues on basic management plans and execution of business, based on uppermost policies decided by the Board of Directors.

(g) The Board of Directors shall make efforts to create an environment which enables the audit & supervisory board members to audit the performance of duties by directors and executive officers in accordance with auditing policies stipulated in the rules of the Audit & Supervisory Board and the standards of audit by the audit & supervisory board members, and enables the audit & supervisory board members to fulfill policies stipulated in other laws and regulations.

(h) The Corporate Audit Division is established, and is directed only by the Executive Committee as an internal audit department and independent from any other positions.

ii) System to Ensure Objectivity and Transparency of Personnel Affairs and the Process for Determining Remuneration for the Directors and Executive Officers

(a) For the purpose of improving objectivity and transparency in procedures for nomination of directors and executive officers as well as determination of their remunerations, etc. and reinforcing accountability, the Company establishes Nomination Advisory Committee and Remuneration Advisory Committee under the Board of Directors.

(b) Nomination Advisory Committee and Remuneration Advisory Committee comprise a chairman, a president, and all independent outside directors respectively. The chairpersons of the committees shall be elected from independent outside directors by a resolution of the Board of Directors.

(c) Nomination Advisory Committee shall deliberate matters concerning appointment or removal of directors and executive officers in response to a consultation by the Board of Directors and make a recommendation to the Board of Directors.

(d) Remuneration Advisory Committee shall deliberate matters concerning remuneration for directors and executive officers and their treatment in response to a consultation by the Board of Directors and makes a recommendation to the Board of Directors.

(e) The Board of Directors shall respect recommendations from Nomination Advisory Committee and Remuneration Advisory Committee.

iii) System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

(a) Information on execution of duties by directors and executive officers is properly preserved and managed during a specified period in accordance with the rules of document management in the case of documents and the rules of electronic information security in the case of electronic information.

(b) Directors and audit & supervisory board members may access to these documents at any time.

iv) Rules and Other Systems Concerning Management of Risk that May Cause Losses

In preparation for major risks that may cause losses, the Company establishes the following control systems, and the Executive Committee functions as a body to comprehensively manage all risks.

(a) Risks concerning maritime shipping market trends
In the marine transportation field, the Company's principal business, the shipping tonnage supply-demand is influenced by trends in the volume of global seaborne trades and supply of vessels, and freight rates and charter hire rates fluctuate. Hence, such material issues as investment in ships and others are brought to a decision-making body, after the Investment and Finance Committee set up as a primary deliberative organ of the Executive Committee understands, analyzes and evaluates risks.

(b) Safe operation of ships
The Operational Safety Committee, that has been set up as a subordinate organ of the Executive Committee and led by the President, Chief Executive Officer, reviews and deliberates issues concerning safe operation based on the rules of the Operational Safety Committee, in order to secure and thoroughly implement the safe operation of ships. Should an accident occur, it prevents damage from expanding and protects the environment in accordance with the rules of the Emergency Control Headquarters.

(c) Market risks
Market risks including fluctuations of bunker prices, exchange rates and interest rates are reduced with appropriate management based on the rules of market risk management.

v) System to Secure Efficient Execution of Duties by Directors and Executive Officers

(a) The Board of Directors meets approximately 10 times per year with appropriate intervals between meetings, and as necessary. Material matters to be brought to the Board of Directors are, in general, deliberated in the Executive Committee in advance based on the rules of the Board of Directors.

(b) The Executive Committee consists of members appointed by the President, Chief Executive Officer and approved by the Board of Directors. The Executive Committee meets once a week in general, and as necessary, based on the rules of the Executive Committee. Furthermore, if required, the Executive Committee sets up a subcommittee to consult about necessary matters.

(c) Executive officers are appointed by the Board of Directors, take over authorities transferred by representative directors based on rules of executive officers, and perform their duties in accordance with the uppermost policies decided by the Board of Directors regarding all aspects of corporate management, based on the division of duties by organization and the administrative authority of each position stipulated in the organizational rules.

vi) System to Secure the Reliability of Financial Reporting

(a) In attempt to secure appropriate accounting and enhance the reliability of financial reporting, the rules for accounting shall be prescribed while a system of internal control over financial reporting shall be established and steps shall be taken to enhance the effectiveness of the system.

(b) The Corporate Audit Division evaluates the effectiveness of internal control over financial reporting. The department receiving the evaluation implements measures for correction or improvement as necessary.

vii) System to Secure the Propriety of Business Carried Out by the Group Consisting of the Company and its Subsidiaries

(a) In an attempt to secure the propriety of business carried out by the Group companies, the group corporate principles are advocated, and each Group company prescribes various rules based on it.

(b) With regard to the business management of the Group companies, the status of executing business operations at each company shall be supervised based on the management plan and annual budget of the entire Group. In addition, a division of the Company shall be established to be responsible for the business management of each Group company, depending on the nature of each company's business operation. Based on the rules of the Group companies' business management, a head of the division shall receive necessary reports in a timely manner from directors, etc. of the Group companies to properly understand the management status and business risks. In addition, the head of the division shall require the Group companies to carry out material matters about management of the Group companies with the Company's approval, and allocate necessary managerial resources in a timely and appropriate manner to ensure that directors, etc. of the Group companies will perform their duties efficiently. For the Group companies classified as quasi internal organizations in accordance with the organizational rules, however, a relevant officer shall perform the said procedures, instead of the head of the division.

(c) To secure compliance among the Group companies, each Group company prescribes various rules conforming to the Company's Compliance Policy including the code of conduct. The Compliance Advisory Service Desk provides officers and employees of the Group companies with consultation service, about the compliance program as properly applicable to the entire Group. The Company requests the Group companies to guarantee that reports and consultations concerning compliance violation by officers or employees of the Group are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.

(d) As for the audits of the Group companies, each Group company appropriately establishes an internal audit system, and the Corporate Audit Division of the Company conducts internal audits of the Group companies on a periodical basis and as necessary based on the internal audit rules.

viii) Dedicated Staff Members to Assist in the Audit & Supervisory Board Members' Duties and Their Independence

(a) To assist in the audit & supervisory board members' duties, assistants for audit & supervisory board members are appointed among the Company's employees.

(b) Personnel evaluation of assistants for audit & supervisory board members is conducted by the audit & supervisory board members, and the transfer of assistants for audit & supervisory board members is decided with approval of the Audit & Supervisory Board.

(c) In general, assistants for audit & supervisory board members shall not be concurrently involved in business execution.

ix) System Concerning Reports to the Audit & Supervisory Board Members Including a Reporting System from Directors, Executive Officers, Employees and Others Concerning Reports to the Audit & Supervisory Board Members, and System to Ensure that the Audit is Effectively Conducted by the Audit & Supervisory Board Members

(a) Rules are prescribed on matters to be reported to the audit & supervisory board members by directors, executive officers and employees. Based on those rules, directors, executive officers and employees shall report to the audit & supervisory board members on material matters that may have an impact on the Company's businesses or performance. Directors, audit & supervisory board members, executive officers and employees of the Group companies may report to the audit & supervisory board members on material matters that may have an impact on businesses or performance of the Company or the Group.

(b) By maintaining the appropriate operation of reporting and consultation service systems based on the Compliance Policy, the appropriate reporting system to the audit & supervisory board members on issues concerning compliance such as violation of laws is secured. The Company guarantees that reports to and consultations with any audit & supervisory board member concerning compliance violation by officers or employees of the Group are held in strict confidence and any individual initiating such report or consultation will not suffer any disadvantageous treatment for such report or consultation made.

(c) Representative directors make efforts to have regular meetings with the audit & supervisory board members.

(d) The Corporate Audit Division shall cooperate in the effective implementation of the audit by the audit & supervisory board members, while keeping in contact and coordinating with the audit & supervisory board members.

(e) When an audit & supervisory board member requests an advance payment for expenses, etc. relating to execution of their duties in accordance with Article 388 of the Companies Act, such expense or liability requested to be paid shall be processed accordingly unless such expense or liability requested to be paid is deemed unnecessary for executing duties of the audit & supervisory board member.

(2) Overview of Status of Operating System to Secure Properness of Operations

The Company has been appropriately managing the system to secure properness of operations of the Company as described above. There are no issues to report.

The following is an overview of the status of the operating system to secure the appropriateness of operations.

i) Compliance

(a) MOL has internal regulations including the code of conduct for officers and employees of the Company and the Compliance Policy. The Company also holds internal training, seminars, e-learning training,

and other learning activities for officers and employees to provide a better understanding of those rules and their awareness of compliance.

(b) The Company has appointed Compliance Officers who are responsible for enforcing compliance regulations within divisions and offices, and Chief Compliance Officer who is accountable for developing and strengthening the compliance structure, as well as supervising Compliance Officers, thereby clarifying the personnel accountable for compliance. In addition, the Company has established the Compliance Committee as a subordinate organization of the Executive Committee. The Compliance Committee holds regular meetings and acts to enhance and strengthen the compliance structure across the Company, as well as make decisions on measures for compliance violations.

(c) The Company has established an internal Compliance Advisory Service Desk, which handles consultations and reports from officers and employees of the Company and the Group companies, as well as an external Compliance Advisory Service Desk. In the event compliance violations are reported or identified, the desks immediately take the necessary measures. In addition, they ensure that reports and consultations are held in strict confidence, and do not become the basis for any disadvantage treatment.

ii) Corporate Governance

(a) The Board of Directors, as the Company's primary decision-making body, discusses and decides the most important matters connected with MOL Group management, as well as supervises business operations. The Board of Directors held 10 meetings during the fiscal year under review.

(b) In order to ensure the further effectiveness of the supervision of executive directors by independent outside directors, the Company established the Nomination Advisory Committee and the Remuneration Advisory Committee, both comprising the Chairman, President and all the independent outside directors, of which independent outside directors form a majority of the members of both committees. These Committees discuss matters related to the selection and dismissal of directors and executive officers, remuneration and their treatment, and report to the Board of Directors.

(c) In a bid to make the Board of Directors focus on critical matters, important matters in basic business plans and execution of business operations are discussed and determined by the Executive Committee, which generally meets weekly. Executive officers appointed by the Board of Directors and delegated authority from the Representative Director execute operations based on decisions made by the Executive Committee, thereby enhancing efficiency and accelerating business execution.

(d) The Company and the Group companies regularly report the status of their businesses at important internal meetings including meetings of the Board of Directors and the Executive Committee, and provide timely instructions to relevant divisions on the occurrence of issues and problems requiring solutions.

iii) Risk Management

(a) The Company set up the Investment and Finance Committee as a preliminary deliberative organ of the Executive Committee. The Committee holds a meeting every week, in principle, and understands, analyzes, and evaluates risks, reporting the results to the Board of Directors and the Executive Committee for their decision-making.

(b) Assets of the Company and the Group companies are systematically analyzed in terms of risks of fluctuations of their value, and quantitatively analyzed results are reported to the Board of Directors regularly. After assessing and analyzing the quantitative value of risks provided by reports, the Board of Directors and other decision-making bodies make investment decisions, and control risks for all businesses of the MOL Group.

(c) To prevent risks in shipping operations, MOL conducts regular inspections in accordance with its own safety standards, which are applied to all operating ships, and works on initiatives to secure and develop marine technical specialists who undertake safe operations. While enhancing the safety of operations of MOL Group's vessels through these initiatives, the Company performs research and development and other projects to adopt cutting-edge technologies, including ICT, to supplement its human capacity and secure safe operations.

(d) Pursuant to the provision stipulated in the Japanese Financial Instruments and Exchange Act, MOL evaluates the effectiveness of its internal control operations to secure the credibility of its financial reports, and confirms appropriate operation of its internal control systems.

iv) Management of MOL Group companies

(a) MOL has established regulations including Group Company Management Regulations and Group Company Management Practical Guidelines, aiming at appropriately managing MOL Group companies.

In addition, MOL addresses any important business items of MOL Group companies, as matters to be approved by MOL, as well as receives reports on the progress of their business plans, etc., and provides guidance and advice appropriately, thereby improving the corporate value of the MOL entire group. Furthermore, twice a year, MOL holds a Group Executive Meeting attended by the MOL President, MOL management people, and representatives of MOL Group companies, and enhances the sharing and confirmation of management goals and thorough assurance of compliance regulations. With these initiatives, MOL oversees the business operations of MOL Group companies.

(b) MOL Group companies have formulated their own compliance systems, in accordance with their corporate scales and industrial categories as independent corporations. In the event that MOL Group companies have any incidents regarded as violations of compliance, the companies follow their own internal regulations, immediately act to implement remedies, and take measures to prevent re-occurrence, while MOL takes the necessary actions for reporting to the MOL Compliance Committee, etc.

v) Audit & Supervisory Board Members

(a) The Company has appointed Staff for Audit & Supervisory Board to support the duties of the Audit & Supervisory Board and audit & supervisory board members, placing one employee to engage exclusively in providing support. To ensure independence from directors and effectiveness of instructions of audit & supervisory board members, audit & supervisory board members concur with the said employee's performance appraisal, and the Audit & Supervisory Board concurs with the said employee's transfer.

(b) The Company assures full-time audit & supervisory board members attend meetings of the Executive Committee, Investment and Finance Committee, and other committees, in addition to meetings of the Board of Directors, ensuring the execution of their audits of management discussions and decision-making processes. Furthermore, audit & supervisory board members have regular meetings with directors and executive officers to have a common understanding of management issues and risks, in order to ensure appropriate business operations.

vi) Internal Audit

MOL draws up an audit plan every fiscal year and conducts internal audits of its headquarters organizations and domestic and international MOL Group companies, and reports audit results to the Executive Committee. In case internal audit results identify issues and problems requiring remedies, MOL acts to achieve a resolution by giving instructions to relevant divisions appropriately.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Balance Sheets

(¥ million)

	As of March 31, 2018	As of March 31, 2017
	Amount	Amount
(Assets)		
Current assets	**480,036**	**481,477**
Cash and deposits	192,797	177,145
Trade receivables	125,851	130,420
Marketable securities	500	12,800
Inventories	38,679	36,358
Deferred and prepaid expenses	61,918	60,888
Deferred tax assets	1,334	1,273
Other current assets	59,357	63,020
Allowance for doubtful accounts	(401)	(428)
Fixed assets	**1,745,599**	**1,736,051**
(Tangible fixed assets)	**1,290,929**	**1,323,665**
Vessels	776,554	756,930
Buildings and structures	148,598	153,767
Equipment and others	31,581	26,630
Furniture and fixtures	4,137	5,366
Land	221,045	221,342
Construction in progress	106,128	156,935
Other tangible fixed assets	2,884	2,693
(Intangible fixed assets)	**30,163**	**31,287**
(Investments and other assets)	**424,506**	**381,097**
Investment securities	114,568	106,350
Investments in and advances to subsidiaries and affiliates	159,958	125,628
Long-term loans receivable	73,403	62,796
Long-term prepaid expenses	6,388	6,824
Net defined benefit asset	18,811	15,390
Deferred tax assets	3,212	3,535
Other investments and other assets	50,583	62,661
Allowance for doubtful accounts	(2,421)	(2,089)
Total Assets	**2,225,636**	**2,217,528**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2018	As of March 31, 2017
	Amount	Amount
(Liabilities)		
Current liabilities	**478,287**	**383,456**
Trade payables	131,405	125,118
Short-term bonds	31,872	20,000
Short-term bank loans	180,539	133,155
Commercial papers	5,000	-
Accrued income taxes	6,395	6,642
Advances received	34,409	32,258
Deferred tax liabilities	590	1,188
Allowance for bonuses	4,567	4,402
Allowance for directors' bonuses	186	153
Allowance for loss on contracts	15,879	1,239
Allowance for loss related to business restructuring	7,068	-
Other current liabilities	60,372	59,297
Fixed liabilities	**1,119,304**	**1,150,450**
Bonds	175,748	210,595
Long-term bank loans	706,944	738,163
Lease obligations	15,977	18,371
Deferred tax liabilities	55,225	56,678
Net defined benefit liabilities	12,909	12,445
Directors' and audit & supervisory board members' retirement benefits	1,487	1,459
Reserve for periodic drydocking	20,647	18,566
Allowance for loss on contracts	50,933	226
Allowance for environmental measures	620	620
Other fixed liabilities	78,810	93,325
Total Liabilities	**1,597,591**	**1,533,907**
(Net Assets)		
Owners' equity	**410,620**	**459,226**
Common stock	65,400	65,400
Capital surplus	45,385	45,382
Retained earnings	306,642	355,263
Treasury stock	(6,807)	(6,820)
Accumulated other comprehensive income	**100,621**	**112,757**
Unrealized holding gains on available-for-sale securities, net of tax	33,400	28,353
Unrealized gains on hedging derivatives, net of tax	37,873	54,326
Foreign currency translation adjustments	23,442	27,178
Remeasurements of defined benefit plans, net of tax	5,905	2,898
Share subscription rights	**2,026**	**2,447**
Non-controlling interests	**114,776**	**109,190**
Total Net Assets	**628,044**	**683,621**
Total Liabilities and Total Net Assets	**2,225,636**	**2,217,528**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(¥ million)

	FY2017 (From April. 1, 2017 to March. 31, 2018)	FY2016 (From April. 1, 2016 to March. 31, 2017)
	Amount	Amount
Shipping and other revenues	**1,652,393**	**1,504,373**
Shipping and other expenses	1,513,736	1,388,264
Gross operating income	**138,656**	**116,109**
Selling, general and administrative expenses	115,972	113,551
Operating profit	**22,684**	**2,558**
Non-operating income		
Interest income	7,976	5,918
Dividend income	6,661	6,021
Equity in earnings of affiliated companies	-	5,543
Others	20,765	28,054
Total non-operating income	**35,402**	**45,538**
Non-operating expenses		
Interest expense	20,413	19,037
Equity in losses of affiliated companies	3,428	-
Others	2,771	3,633
Total non-operating expenses	**26,613**	**22,670**
Ordinary profit	**31,473**	**25,426**
Extraordinary income		
Gain on sale of fixed assets	16,979	6,125
Others	4,587	29,080
Total extraordinary income	**21,566**	**35,206**
Extraordinary losses		
Loss on sales, disposal and retirement of fixed assets	3,507	2,186
Loss related to business restructuring	73,476	-
Others	4,764	35,142
Total extraordinary losses	**81,748**	**37,328**
Income (loss) before income taxes and non-controlling interests	**(28,709)**	**23,303**
Income taxes - current	**10,729**	**13,323**
Income taxes - deferred	**2,002**	**(625)**
Net income (loss)	**(41,440)**	**10,605**
Profit attributable to non-controlling interests	**5,939**	**5,348**
Profit (loss) attributable to owners of parent	**(47,380)**	**5,257**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net assets

FY2017 (April 1,2017 – March 31, 2018)

(¥ million)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at April 1, 2017	**65,400**	**45,382**	**355,263**	**(6,820)**	**459,226**
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares				12	12
Dividends of surplus			(1,196)		(1,196)
Loss attributable to owners of parent			(47,380)		(47,380)
Change of scope of consolidation			3		3
Purchase of treasury stock				(98)	(98)
Disposal of treasury stock			(47)	98	51
Purchase of shares of consolidated subsidiaries		2			2
Net changes of items other than owners' equity during the year					-
Total changes of items during the year	**-**	**2**	**(48,620)**	**13**	**(48,605)**
Balance at March 31, 2018	**65,400**	**45,385**	**306,642**	**(6,807)**	**410,620**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total Net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans, net of tax	Accumulated other comprehensive income			
Balance at April 1, 2017	**28,353**	**54,326**	**27,178**	**2,898**	**112,757**	**2,447**	**109,190**	**683,621**
Changes during the fiscal year								
Issuance of new shares - exercise of subscription rights to shares						(12)		-
Dividends of surplus								(1,196)
Loss attributable to owners of parent								(47,380)
Change of scope of consolidation								3
Purchase of treasury stock								(98)
Disposal of treasury stock								51
Purchase of shares of consolidated subsidiaries								2
Net changes of items other than owners' equity during the year	5,046	(16,453)	(3,735)	3,006	(12,135)	(408)	5,585	(6,959)
Total changes of items during the year	**5,046**	**(16,453)**	**(3,735)**	**3,006**	**(12,135)**	**(420)**	**5,585**	**(55,576)**
Balance at March 31, 2018	**33,400**	**37,873**	**23,442**	**5,905**	**100,621**	**2,026**	**114,776**	**628,044**

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 369

(2) Names of principal consolidated subsidiaries are as stated in "1. Matters Concerning the Present State of the Corporate Group, (10) Principal Subsidiaries."

(3) Name of principal non-consolidated subsidiary: Asia Cargo Service Co., Ltd.

(4) Reason for exclusion from the scope of consolidation

Total assets, total operating revenues, net income (based on the Group's equity interest) and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries are not significant respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method accounting

(1) Number of equity method affiliates: 80

(2) Names of principal equity method affiliates are as stated in "1. Matters Concerning the Present State of the Corporate Group, (11) Principal Equity Method Affiliates."

(3) Name of principal non-consolidated subsidiary that is not accounted under the equity method:
Asia Cargo Service Co., Ltd.

(4) Name of principal affiliate that is not accounted under the equity method:
Sorami Container Center Co., Ltd.

(5) Reason for exclusion from the scope of applying the equity method accounting

Net income and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries and affiliates that are not accounted under the equity method are not significant.

3. Changes in scope of consolidation and application of equity method

(1) Scope of consolidation

15 companies, including Appleland Shipping Inc.which was newly established, have been newly included in the scope of consolidation from this fiscal year. 14 companies including Japan Express Packing & Transport Co., Ltd., which had been a consolidated subsidiary, were excluded from the scope of consolidation due to their liquidation and other reasons.

(2) Scope of applying the equity method accounting

5 companies including Ocean Network Express Holdings, Ltd., which is a newly established company, have been newly accounted under the equity method from this fiscal year. Shanghai Longfei International Logistics Co., Ltd.,which had been an equity method affiliate, has been excluded from the scope of equity method application due to sale of shares.

[Translation for Reference and Convenience Purposes Only]

4. Significant accounting policies

(1) Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined mainly based on the moving-average method)
without market value	Stated at cost mainly based on the moving-average method
Derivative transactions	Market value method
Inventories (Fuel and supplies)	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

(2) Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Mainly straight-line method (Declining-balance method for a part of vessels)
Buildings and structures	Mainly straight-line method
Other tangible fixed assets	Mainly declining-balance method

Intangible fixed assets (excluding leased assets) Straight-line method

Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.

Goodwill is amortized equally over 5 years, in general.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Group owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

(3) Accounting treatment for deferred assets

Bond issue expenses	Expensed as incurred
Stock issue expenses	Expensed as incurred

(4) Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.
Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

The Company and several domestic consolidated subsidiaries record allowances for bonuses to directors based on the estimated amount of future payments.

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future higher probability of loss to be incurred due to a decision made over contracts, etc.

Allowance for loss related to business restructuring

Allowance for loss related to business restructuring is based on the estimated amounts of loss related to business restructuring.

Allowance for directors' and audit & supervisory board members' retirement benefits

Several domestic consolidated subsidiaries record allowances for payments of retirement benefits to directors and audit & supervisory board members based on amounts to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.

Allowance for periodic drydocking

Allowance for periodic drydocking is based on the estimated amount of repairs of vessels.

Allowance for environmental measures

Allowance for disbursement associated with polychlorinated biphenyl (PCB) waste is based on the estimated amounts of future obligations.

(5) Recognition of freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized mainly by the completed-voyage method.

(6) Hedge accounting

Hedge accounting

The Company mainly adopts deferral hedge accounting. The Company adopts special accounting rules for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Means for hedging	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Currency swap contracts	Charter fees and loans payable in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

The hedging derivative transactions are executed and managed by the Company mainly in accordance with established policies, "Market Risk Management Policy" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant

hedged items.

Method of evaluating the effectiveness of hedges

The Company evaluates hedge effectiveness mainly by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement for special treatment, the evaluation of hedge effectiveness is omitted.

(7) Interest expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting for retirement benefits

Net defined benefit assets/liabilities are recorded based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Unrecognized actuarial gains/losses are amortized by the straight-line method over a period that does not exceed the employees' estimated remaining service period (generally 10 years) from the next fiscal year. Prior service costs are generally expensed as incurred.

Accounting for consumption taxes

Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Presentations

(Consolidated statements of income)

Gain on sale of shares of subsidiaries and associates (¥186 million in this fiscal year), which was separately disclosed in the previous fiscal year, is included in "Others" in Extraordinary income in this fiscal year, due to the decrease in materiality.

Notes to Additional Information

(Notice of Establishment of Holding Company and Operating Company for New Integrated Container Shipping Business)

Mitsui O.S.K. Lines, Ltd., Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha have announced the establishment of the below holding company and operating company, based on the business integration contract and the shareholders agreement on October 31, 2016 to integrate the container shipping businesses (including worldwide terminal operation businesses outside Japan) of all three companies.
The new operating company started operations on April 1, 2018.

Overview of New Companies

(1) Holding Company

Company name	Ocean Network Express Holdings, Ltd.	
Amount of Capital	¥50 million	
Shareholders/Contribution Ratio	Kawasaki Kisen Kaisha, Ltd.	31%
	Nippon Yusen Kabushiki Kaisha	38%
	Mitsui O.S.K. Lines, Ltd.	31%
Location	Tokyo	
Date of Establishment	July 7, 2017	

(2) Operating Company

Company name	Ocean Network Express Pte. Ltd.	
Amount of Capital	US$800 million	
Shareholders/Contribution Ratio	Kawasaki Kisen Kaisha, Ltd. (including indirect investment)	31%
	Nippon Yusen Kabushiki Kaisha (including indirect investment)	38%

	Mitsui O.S.K. Lines, Ltd. (including indirect investment)	31%
Location	Singapore	
Date of Establishment	July 7, 2017	

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	¥37,483 million
Other	¥1,196 million

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥240,140 million
Construction in progress	¥16,042 million
Investment securities	¥611 million
Equity securities issued by subsidiaries and affiliates	¥55,167 million
Total	¥311,962 million

Separate from the above, ¥207 million is pledged as collateral for obligations to occur in the future.
Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following:

a) Equity securities issued by subsidiaries and affiliates of ¥55,167 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.
b) Investment securities of ¥611 million are pledged as collateral for long-term loans associated with Offshore Business and LNG carrier projects.

(2) Secured obligations

Short-term loans	¥14,288 million
Long-term loans	¥185,856 million
Total	¥200,144 million

3. Accumulated depreciation of tangible fixed assets ¥903,107 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥132,844 million
(Guarantee liabilities in foreign currency included in above	¥118,143 million)

5. Others

(1) Litigation

On January 10, 2014, the Company filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident caused by a vessel constructed by said company. In response, MHI filed a countersuit at Tokyo District Court seeking payment for reinforcement of the strength of the ship's hull of the same type of ship, and the legal dispute is continuing.
The Company recognizes the claims of the countersuit by MHI as unjust, and intends to assert the propriety of the Company in addition to upholding the claims for damages under the lawsuit.

(2) Others

Since 2012, the Group is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the Group, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Group is uncertain as its financial impact is not estimable at this stage.

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Statements of Income

Breakdown of loss related to business restructuring

Accompanying the integration of the container shipping businesses, the amount recorded as loss related to business restructuring comprises the lump sum of ¥4,412 million for temporary cost relating to the liquidation of the Company's agencies, ¥64,280 million for a loss related to charter contracts, and ¥4,783 million for other losses.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued and outstanding shares as of the end of this fiscal year

Class: Common stock
Total number of shares: 120,628,611 shares

2. Class and number of shares of treasury stock as of the end of this fiscal year

Class: Common stock
Number of shares: 1,034,392 shares

3. Dividends distribution of surplus

(1) Dividends paid

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Board of Directors' Meeting October 31, 2017	Common stock	1,196	1.0	September 30, 2017	November 22, 2017

Note: A share consolidation of one (1) share for every ten (10) shares of MOL's common stock was conducted with an effective date of October 1, 2017. Dividends per share show the amount prior to said share consolidation.

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders June 26, 2018	Common stock	1,195	10.0	March 31, 2018	June 27, 2018

4. Class and number of shares subject to the share subscription rights at the end of the fiscal year

(Excluding share subscription rights yet to be effective)

Class: Common stock
Total number of shares: 1,244,800 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Qualitative information on financial instruments

To acquire vessels and other fixed assets, the Group raises capital investment primarily by bank loans and bonds. In addition, the Group raises short-term working capital primarily by bank loans. Furthermore, the Group has commitment lines with Japanese banks to maintain sufficient sources of working capital and secure necessary liquidity in case of emergency situations.

Trade receivables are exposed to the credit risks of customers. The Group mitigates such risks by performing operations in accordance with internal regulations. In addition, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risks. The Group avoids this risk mainly by using exchange forward contracts to cover net trade receivables and payables denominated in foreign currencies. Investment securities are mainly stocks of companies which the Group has business relationships with. Fair value of listed stock is measured at market value on a quarterly basis.

Trade payables are due within a year. Short-term loans and commercial papers are primarily used to raise short-term working capital, while long-term loans and bonds are mainly used to raise necessary funds for capital investments. Although several items have variable interest rates and therefore are exposed to volatility risks, the Group uses derivative financial instruments (interest rate swaps and Interest rate cap contracts) to fix certain portions of such variable interest rates. Long-term loans denominated in foreign currencies are exposed to foreign currency exchange rate risks; however, currency swaps are set for a portion of such loans to minimize the risks. Derivatives are used to hedge risks as discussed above and are executed to manage risks related to actual demand. In accordance with internal policies ("Market Risk Management Policy" and "Guideline for Market Risk Management"), the Group's policy is not to use derivatives for speculative purposes.

2. Fair values of financial instruments

The book value, fair value, and differences between the two values of financial instruments at end of this fiscal year are as follows:

(¥ million)

	Book Value	Fair Value	Difference
(1) Cash and deposits	192,797	192,797	–
(2) Trade receivables	125,851	125,851	–
(3) Marketable securities Available-for-sale securities	500	500	–
(4) Short-term loans receivable	16,735	16,735	–
(5) Long-term loans receivable (*1)	74,661	76,789	2,128
(6) Investment securities Available-for-sale securities	106,775	106,775	–
(7) Trade payables	131,405	131,405	–
(8) Short-term loans	98,589	98,589	–
(9) Commercial papers	5,000	5,000	–
(10) Bonds (*2)	207,620	209,668	2,048
(11) Long-term loans (*3)	788,895	801,041	12,146
(12) Derivative financial instruments (*4)	8,615	8,484	(131)

(*1) The book value of long-term loans receivable includes current portion of ¥ 1,257 million.
(*2) The book value of bonds includes current portion of ¥ 31,872 million.
(*3) The book value of long-term loans includes current portion of ¥ 81,950 million.
(*4) Assets and liabilities from derivative financial instruments are net. Negative amounts are stated in [ ].

Notes: 1. Methods used to measure financial instruments at fair value, and issues regarding investment securities and derivative financial instruments are as follows:

(1) Cash and deposits, (2) Trade receivables, and (4) Short-term loans receivable
Fair value of above assets is evaluated at book value since they are settled within a short period and fair value is almost equivalent to book value.

(3) Marketable securities
Marketable securities are jointly managed designated money trusts, and considering the short settlement periods of such trusts, book value is used because fair value is almost equivalent to book value.

(5) Long-term loans receivable
Fair value of long-term loans receivable with variable interest rate is evaluated at book value since the interest rate reflects the market rate in a short term and fair value is almost equal to book value, unless the creditworthiness of the borrower has changed significantly since the loan was made. Fair value of long-term loans receivable with fixed interest rates, for each category of loans based on the type of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made.

(6) Investment securities
Fair value of stocks is evaluated at market prices at the stock exchange as of the end of the fiscal year. Fair value of bonds is evaluated at market prices at the stock exchange or at the value provided by financial institutions as of the end of the fiscal year.

(7) Trade payables, (8) Short-term loans, and (9) Commercial papers
Fair value of above liabilities is evaluated at book value, since they are settled within a short period and fair value is almost equivalent to book value.

(10) Bonds
Fair value of corporate bond is evaluated at market price.

(11) Long-term loans
Fair value of long-term bank loans with variable interest rates is evaluated at book value since fair value is almost equivalent to book value, the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of the Group before and after such bank loans were made. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan type, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were to be newly made. Fair value of some foreign-currency denominated long-term loans is evaluated at fixed amounts based on the appropriated treatment of currency swap transactions.

(12) Derivative financial instruments
Fair value of derivatives, which are used for hedging purposes, is measured at the value of forward exchange rates as of the end of the fiscal year or offered prices by financial institutions. Since currency swaps, which deferral hedge accounting is applied, are accounted for together with the long-term bank loans being hedged, the fair value is included in the fair value of the relevant hedged item.

2. Financial instruments which fair value are extremely difficult to determine are as follows:

(¥ million)

	Book Value
1) Unlisted stocks	7,782
2) Others	9
Total	7,792

The above items are not included in the amount presented under the line "(6) Investments securities Available-for-sale securities" in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to determine as they have no quoted market price and the future cash flow cannot be estimated.

[Translation for Reference and Convenience Purposes Only]

Notes on Rental Property

1. Qualitative information on rental property

The Company and certain of its consolidated subsidiaries own real estate for office lease (including land) in Tokyo, Osaka and other areas.

2. Fair value of rental property

(¥ million)

Book Value	Fair Value
299,603	471,023

Notes: 1. Book value is acquisition cost less accumulated depreciation.
2. Fair value of major properties is based on the valuation of independent real estate appraisers. For other properties, fair value of land is adjusted using an index that reflects market price properly. Fair value of depreciable assets such as buildings is the amount recorded on the consolidated balance sheets.

Per-share Information

1. Net assets per share ¥4,274.81
2. Net loss per share ¥396.16

Note: On October 1, 2017, MOL conducted a consolidation of shares at a ratio of ten (10) shares for every one (1) share. Net loss per share is calculated on the assumption that said consolidation of shares had been made at the beginning of this fiscal year.

Major Subsequent Event

(Additional investments in an equity-method affiliate of the Company)

As initially planned, the Company contributed an additional amount of capital to its equity-method affiliate Ocean Network Express Pte. Ltd. on April 2, 2018.

1. Overview of the equity-method affiliate of the Company

(1) Company name:	Ocean Network Express Pte. Ltd.	
(2) Amount of Capital:	(before additional investments)	US$800 million
	(after additional investments)	US$3,000 million
(3) Shareholders/Contribution Ratio:	Kawasaki Kisen Kaisha, Ltd. 31% (including indirect investment) Nippon Yusen Kabushiki Kaisha 38% (including indirect investment) Mitsui O.S.K. Lines, Ltd. 31% (including indirect investment) There has been no change in contribution ratios between before and after the additional contribution of capital.	
(4) Location:	Singapore	
(5) Date of Establishment:	July 7, 2017	

2. Details of additional investments

(1) Amount of additional investments	US$2,200 million
(2) Amount of Capital after additional investments	US$3,000 million
(3) Execution date of additional investments	April 2, 2018

Other Notes

Figures less than one million yen are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(¥ million)

	As of March 31, 2018	As of March 31, 2017
	Amount	Amount
(Assets)		
Current assets	**358,725**	**355,273**
Cash and deposits	115,014	115,443
Trade receivables	77,300	85,166
Short-term loans receivable	56,938	34,245
Advances	4,716	4,910
Marketable securities	500	12,800
Inventories	29,395	27,241
Deferred and prepaid expenses	44,792	44,838
Receivable from agencies	16,754	15,074
Other current assets	13,694	15,880
Allowance for doubtful accounts	(380)	(326)
Fixed assets	**703,925**	**700,478**
(Tangible fixed assets)	**134,931**	**128,668**
Vessels	79,989	77,207
Buildings	9,701	10,320
Structures and equipment	442	520
Vehicles and transportation equipment	0	18
Equipment, mainly containers	595	1,095
Land	16,436	16,694
Construction in progress	25,794	20,650
Other tangible fixed assets	1,970	2,161
(Intangible fixed assets)	**10,527**	**12,182**
(Investments and other assets)	**558,466**	**559,627**
Investment securities	83,977	78,250
Investments in and advances to subsidiaries and affiliates	260,206	224,908
Long-term loans receivable	125,739	163,035
Long-term prepaid expenses	10,823	12,087
Long-term lease receivables	77,876	82,959
Other investments and other assets	11,185	10,786
Allowance for doubtful accounts	(11,342)	(12,399)
Total Assets	**1,062,651**	**1,055,752**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2018	As of March 31, 2017
	Amount	Amount
(Liabilities)		
Current liabilities	**402,385**	**317,710**
Trade payables	104,129	102,086
Short-term bonds	31,872	20,000
Short-term bank loans	190,432	141,909
Other payables	12,936	11,336
Advances received	26,018	25,346
Payable to agencies	1,971	2,725
Allowance for bonuses	1,874	1,775
Allowance for directors' bonuses	26	18
Allowance for loss on business liquidation	-	2,753
Allowance for loss on contracts	15,465	1,145
Allowance for loss related to business restructuring	6,414	-
Other current liabilities	11,243	8,614
Fixed liabilities	**487,591**	**501,671**
Bonds	95,748	130,595
Long-term bank loans	289,775	314,992
Long-term other payables	15,360	23,988
Deferred tax liabilities	14,462	12,809
Allowance for employees' severance and retirement benefits	8	8
Allowance for loss on guarantees	11,911	7,754
Allowance for loss on contracts	50,502	226
Other fixed liabilities	9,822	11,295
Total Liabilities	**889,977**	**819,382**
(Net Assets)		
Owners' equity	**144,914**	**212,081**
Common stock	65,400	65,400
Capital surplus	44,371	44,371
Additional paid-in capital	44,371	44,371
Retained earnings	41,951	109,131
Legal earnings reserve	8,527	8,527
Other retained earnings	33,423	100,604
Reserve for special depreciation	3	4
Reserve for advanced depreciation	926	944
General reserve	111,630	111,630
Retained earnings (losses) brought Forward	(79,136)	(11,975)
Treasury stock	(6,809)	(6,822)
Accumulated gains from valuation and translation adjustments	**25,732**	**21,840**
Unrealized holding gains on available-for-sale securities, net of tax	28,485	24,480
Unrealized gains (losses) on hedging derivatives, net of tax	(2,752)	(2,639)
Share subscription rights	**2,026**	**2,447**
Total Net Assets	**172,673**	**236,370**
Total Liabilities and Total Net Assets	**1,062,651**	**1,055,752**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(¥ million)

	FY2017 (From April. 1, 2017 to March. 31, 2018)	FY2016 (From April. 1, 2016 to March. 31, 2017)
	Amount	Amount
Shipping and other operating revenues		
Shipping revenues		
Freight	928,479	786,616
Charter fees	253,165	229,934
Other shipping revenues	39,868	34,700
Total	**1,221,514**	**1,051,251**
Other operating revenue	1,060	949
Total shipping and other operating revenues	**1,222,574**	**1,052,200**
Shipping and other operating expenses		
Shipping expenses		
Voyage expenses	534,412	457,251
Vessels	14,843	14,973
Charter fees	503,311	453,985
Other shipping expenses	131,141	118,453
Total	**1,183,709**	**1,044,663**
Other operating expenses	718	668
Total shipping and other operating expenses	**1,184,427**	**1,045,332**
Gross operating income	**38,146**	**6,868**
Selling, general and administrative expenses	35,318	34,319
Operating profit (loss)	**2,828**	**(27,450)**
Non-operating income		
Interest and dividend income	24,877	44,402
Exchange gains	-	2,989
Others	900	1,433
Total non-operating income	**25,777**	**48,825**
Non-operating expenses		
Interest expense	7,432	5,894
Exchange losses	1,954	-
Others	1,474	2,360
Total non-operating expenses	**10,861**	**8,254**
Ordinary profit	**17,744**	**13,119**
Extraordinary profits		
Gain on sales of fixed assets	476	26
Gain on sales of investment securities	535	1,484
Gain on sales of securities issued by subsidiaries and affiliates	89	6
Gain on liquidation of subsidiaries and affiliates	43	30
Reversal of allowance for doubtful accounts	-	31
Cancellation fee for chartered vessels	32	41
Reversal of allowance for loss on liquidation of subsidiaries and affiliates	-	4,176
Reversal of allowance for loss on contracts	671	-
Gain on reversal of subscription rights to shares	579	317
Others	823	253
Total extraordinary profits	**3,251**	**6,368**
Extraordinary losses		
Loss on disposal of fixed assets	2,236	700
Loss on valuation of securities issued by subsidiaries and affiliates	389	12,751
Provision of allowance for loss on guarantees	3,296	3,073
Provision of allowance for doubtful accounts	22	2,467
Impairment loss	-	5,280
Loss related to business restructuring	72,821	-
Others	3,301	1,499
Total extraordinary losses	**82,068**	**25,774**
Income (loss) before income taxes	**(61,072)**	**(6,285)**
Income taxes - current	728	3,798
Income taxes - deferred	4,135	(134)
Net income (loss)	**(65,936)**	**(9,950)**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets

FY2017 (April 1,2017 – March 31, 2018)

(¥ million)

	Owners' equity										
		Capital surplus		Retained earnings							
					Other retained earnings						
	Common stock	Additional paid-in capital	Total capital surplus	Legal earnings reserve	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings (losses) brought forward	Total retained earnings	Treasury stock	Total owners' equity
Balance at April 1, 2017	**65,400**	**44,371**	**44,371**	**8,527**	**4**	**944**	**111,630**	**(11,975)**	**109,131**	**(6,822)**	**212,081**
Changes during the fiscal year											
Issuance of new shares - exercise of subscription rights to shares			-						-	12	12
Dividends paid			-					(1,196)	(1,196)		(1,196)
Net income (loss)			-					(65,936)	(65,936)		(65,936)
Reversal of reserve for special depreciation			-		(1)			1	-		-
Reversal of reserve for advanced depreciation			-			(17)		17	-		-
Purchase of treasury stock			-						-	(97)	(97)
Disposal of treasury stock			-					(47)	(47)	98	51
Net changes of items other than owners' equity during the fiscal year			-						-		-
Total changes during the fiscal year	**-**	**-**	**-**	**-**	**(1)**	**(17)**	**-**	**(67,161)**	**(67,180)**	**13**	**(67,167)**
Balance at March 31, 2018	**65,400**	**44,371**	**44,371**	**8,527**	**3**	**926**	**111,630**	**(79,136)**	**41,951**	**(6,809)**	**144,914**

	Accumulated gains from valuation and translation adjustments			Share subscription rights	Total Net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments		
Balance at April 1, 2017	**24,480**	**(2,639)**	**21,840**	**2,447**	**236,370**
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares			-	(12)	-
Dividends paid			-		(1,196)
Net income (loss)			-		(65,936)
Reversal of reserve for special depreciation			-		-
Reversal of reserve for advanced depreciation			-		-
Purchase of treasury stock			-		(97)
Disposal of treasury stock			-		51
Net changes of items other than owners' equity during the fiscal year	4,005	(113)	3,891	(408)	3,483
Total changes during the fiscal year	**4,005**	**(113)**	**3,891**	**(420)**	**(63,696)**
Balance at March 31, 2018	**28,485**	**(2,752)**	**25,732**	**2,026**	**172,673**

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Financial Statements

Notes to Matters for Significant Accounting Policies

1. Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Equity securities issued by subsidiaries and affiliates	Stated at cost using the moving-average method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined based on the moving-average method)
without market value	Stated at cost based on the moving-average method
Derivative transactions	Market value method
Inventories	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

2. Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Straight-line method
Buildings and structures	Straight-line method
Other tangible fixed assets	Mainly declining-balance method
Intangible fixed assets (excluding leased assets)	Straight-line method Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.
Leased assets	Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Company owns. Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

3. Accounting treatment for deferred assets

Bond issue expenses

Expensed as incurred

Stock issue expenses

Expensed as incurred

4. Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

Allowance for bonuses to directors is based on the estimated amounts of future payments.

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future higher probability of loss to be incurred due to decision made over contracts, etc.

Allowance for loss related to business restructuring

Allowance for loss related to business restructuring is based on estimated amount of loss related to business restructuring.

Allowance for employees' severance and retirement benefits

Allowance for retirement benefits to employees is based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year.

In calculating retirement benefit obligations, the Company uses straight-line attribution as a method of attributing estimates of retirement benefit to a period up to the end of the fiscal year.

Actuarial differences are recognized using the straight-line method within the estimated remaining service period (generally 10 years) commencing with the following period. Prior service cost is accounted for as expenses in lump-sum at the time of occurrence.

Allowance for loss on guarantees

Provided for losses arising from fulfilling guarantee obligations, the Company appropriates a provision for the estimated losses in view of the financial conditions of guaranteed companies.

5. Recognition of freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized by the completed-voyage method.

6. Hedge accounting

Hedge accounting

The Company adopts deferral hedge accounting.

Special accounting rules are used for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

Hedging derivative transactions are executed in accordance with the Company's internal regulations, "Market Risk Management Policy" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in the fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement of special treatment, the evaluation of hedge effectiveness is omitted.

7. Interest expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

8. The accounting methods for unrecognized actuarial differences relating to retirement benefits are different from those accounting methods in the consolidated financial statements.

9. Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Presentations

(Non-consolidated statements of income)

"Gain on reversal of subscription rights to shares" which was included in "Others" in Extraordinary income in the previous fiscal year, is separately disclosed in this fiscal year due to the increase in materiality" Gain on reversal of subscription rights to shares" for the previous fiscal year was ¥317 million.

Notes to Additional Information

(Notice of Establishment of Holding Company and Operating Company for New Integrated Container Shipping Business)

Mitsui O.S.K. Lines, Ltd., Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha have announced the establishment of the below holding company and operating company, based on the business integration contract and the shareholders agreement on October 31, 2016 to integrate the container shipping businesses (including worldwide terminal operation businesses outside Japan) of all three companies.
The new operating company started operations on April 1, 2018.

[Translation for Reference and Convenience Purposes Only]

Overview of New Companies

(1) Holding Company

Company name	Ocean Network Express Holdings, Ltd.	
Amount of Capital	¥50 million	
Shareholders/Contribution Ratio	Kawasaki Kisen Kaisha, Ltd.	31%
	Nippon Yusen Kabushiki Kaisha	38%
	Mitsui O.S.K. Lines, Ltd.	31%
Location	Tokyo	
Date of Establishment	July 7, 2017	

(2) Operating Company

Company name	Ocean Network Express Pte. Ltd.	
Amount of Capital	US$800 million	
Shareholders/Contribution Ratio	Kawasaki Kisen Kaisha, Ltd. (including indirect investment)	31%
	Nippon Yusen Kabushiki Kaisha (including indirect investment)	38%
	Mitsui O.S.K. Lines, Ltd. (including indirect investment)	31%
Location	Singapore	
Date of Establishment	July 7, 2017	

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	¥81,092 million
Long-term monetary lending	¥125,789 million
Short-term monetary debts	¥123,460 million
Long-term monetary debts	¥549 million

2. Accumulated depreciation on tangible fixed assets ¥210,799 million

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥19,138 million
Investment securities	¥611 million
Equity securities issued by subsidiaries and affiliates	¥42,441 million
Total	¥62,192 million

Separate from the above, ¥207 million is pledged as collateral for obligations to occur in the future. Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following:

a) Equity securities issued by subsidiaries and affiliates of ¥42,441 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

b) Investment securities at ¥611 million are pledged as collateral for long-term loans associated with Offshore Business and LNG carrier projects.

(2) Secured obligations

Short-term loans	¥3,951 million
Long-term loans	¥24,572 million
Total	¥28,524 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥519,508 million
(Guarantee liabilities in foreign currency included in above	¥334,950 million)

5. Others

(1) Litigation

On January 10, 2014, the Company filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident caused by a vessel constructed by said company. In response, MHI filed a countersuit at Tokyo District Court seeking payment for reinforcement of the strength of the ship's hull of the same type of ship, and the legal dispute is continuing.

The Company recognizes the claims of the countersuit by MHI as unjust, and intends to assert the propriety of the Company in addition to upholding the claims for damages under the lawsuit.

(2) Others

Since 2012, MOL is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of MOL is uncertain as its financial impact is not estimable at this stage.

Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	¥93,475 million
Amount of purchase	¥327,209 million
Transactions other than operating transactions	¥41,743 million

2. Breakdown of loss related to business restructuring

Accompanying the integration of the container shipping businesses, the amount recorded as loss related to business restructuring comprises the lump sum of ¥3,758 million for temporary cost relating to the liquidation of the Company's agencies, ¥64,280 million for a loss related to charter contracts, and ¥4,783 million for other losses.

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of this fiscal year

Common stock	1,031,772 shares

Notes on Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	(¥ million)
Deferred tax assets	
Loss brought forward	46,205
Retained income of specific foreign subsidiaries	29,720
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	60,250
Reserve for bonuses expenses	534
Impairment loss	1,833
Allowance for doubtful accounts	3,343
Allowance for loss related to business restructuring	1,827
Allowance for loss on guarantees	3,421
Allowance for loss on contracts	18,800
Transfer of charters from subsidiaries and affiliates	5,542
Deemed dividends	11,223
Unrealized gains (losses) on hedging derivatives, net of tax	833
Others	9,093
Total of deferred tax assets	192,631

Valuation allowance	(192,593)
Net deferred tax assets	37
Deferred tax liabilities	
Gain on securities contributed to employee retirement benefit trust	(2,713)
Unrealized gains on available-for-sale securities	(11,181)
Others	(604)
Total deferred tax liabilities	(14,500)
Net deferred tax liabilities	(14,462)

Notes on Fixed Assets to Use on Lease

Operating lease transactions

Of operating lease transactions, future lease payments associated with irrevocable agreements

(As lessee)

Amount due within one year	¥7,018 million
Amount due after one year	¥5,165 million
Total	¥12,184 million

[Translation for Reference and Convenience Purposes Only]

Notes on Transactions with Related Parties

(¥ million)

Attribution	Name of company	Ratio of MOL's voting rights	Nature of relationship	Nature of transaction (Note 1)	Transacted amount (Note 2)	Account	Term-end balance
Subsidiary	White Bear Maritime Ltd.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	49,536	-	-
	Lakler S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	28,186	-	-
	MOL Euro-orient Shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	23,652	-	-
	Samba Offshore S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	17,520	-	-
	MOL Bridge Finance S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	14,342	-	-
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	12,381	-	-
	MOG-IX LNG Shipholding S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	12,249	-	-
	Nefertiti LNG Shipping Co., Ltd	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	11,155	-	-
	Asiaship Maritime S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	10,931	-	-
	Snowscape Car Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Funding loan	Funding loan	-	Short-term loans receivable Long-term loans receivable	1,334 9,375
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering			Lease receivables (Note 3)	29,777
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Funding loan Borrowing of funds	Funding loan Borrowing of funds	18,535 97,142	Short-term loans receivable Short-term loans payable	23,900 40,569
Affiliate	Tartaruga MV29 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	35,170	-	-
	Arctic Blue LNG Shipping Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	13,075	-	-
	Ocean Network Express Pte. Ltd.	- (Note 4)	Interlocking directorate	Underwriting of capital increase	27,456	-	-

Notes 1. Transaction conditions and policies to decide transaction conditions, etc.

(1) Debt guarantees are decided based on the form of guarantees and other conditions.

(2) As for funding loan, it is determined by market rates and conditions, and companies are not required to pay mortgages.

(3) As for borrowing of funds, it is determined by market rates and conditions.

(4) As for part of the funding loans, because they involve repeated transactions, the average for this fiscal year is shown for the transacted amount.

(5) Underwriting of capital increase was carried out at US$10,000 per share.

2. Consumption taxes are not included in transacted amount.

3. Lease receivables shown include lease receivables scheduled to be paid within one year.

4. The Company owns 31% of the voting rights of Ocean Network Express Holdings, Ltd., and the said company is a holding company that owns 100% of the common shares of Ocean Network Express Pte. Ltd.

[Translation for Reference and Convenience Purposes Only]

Per-share Information

1. Net assets per share	¥ 1,426.85
2. Net loss per share	¥ (551.30)

Note: On October 1, 2017, MOL conducted a consolidation of shares at a ratio of ten (10) shares for every one (1) share. Net loss per share is calculated on the assumption that said consolidation of shares had been made at the beginning of this fiscal year.

Major Subsequent Event

(Additional investments in an equity-method affiliate of the Company)

As initially planned, the Company contributed an additional amount of capital to its equity-method affiliate Ocean Network Express Pte. Ltd. on April 2, 2018.

1. Overview of the equity-method affiliate of the Company

(1) Company name	Ocean Network Express Pte. Ltd.	
(2) Amount of Capital	(before additional investments)	US$800 million
	(after additional investments)	US$3,000 million
(3) Shareholders/Contribution Ratio	Kawasaki Kisen Kaisha, Ltd. 31% (including indirect investment) Nippon Yusen Kabushiki Kaisha 38% (including indirect investment) Mitsui O.S.K. Lines, Ltd. 31% (including indirect investment) There has been no change in contribution ratios between before and after the additional contribution of capital.	
(4) Location	Singapore	
(5) Date of Establishment	July 7, 2017	

2. Details of additional investments

(1) Amount of additional investments	US$2,200 million
(2) Amount of Capital after additional investments	US$3,000 million
(3) Execution date of additional investments	April 2, 2018

Other Notes

Figures less than one million yen are rounded down to the nearest million.